

ZMIENIAMY SIĘ  
DLA WAS



**ZEPAK**  
Energia dla Ciebie

## **ZE PAK SA CAPITAL GROUP**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 3 MONTHS ENDED MARCH 31, 2024**

*(This is a translation of the document issued originally in Polish language.  
The Polish original should be referred to in matters of interpretation.)*



28 MAY 2024

**ZE PAK SA CAPITAL GROUP**

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## CONSOLIDATED PROFIT AND LOSS ACCOUNT

*For the period of 3 months ended March 31, 2024*

	<i>Note</i>	<i>Period ended 31 March 2024 (unaudited)</i>	<i>Period ended 31 March 2023 (unaudited)</i>
<b>Continuing operations</b>			
<b>Revenues, including:</b>	<i>11.1</i>	<b>519 587</b>	<b>711 359</b>
Revenues from contracts with clients		500 650	679 991
Other revenues		18 937	31 368
Selling prime costs	<i>11.6</i>	(464 384)	(804 066)
<b>Gross (Loss)/Profit on sales</b>		<b>55 203</b>	<b>(92 707)</b>
Other operating revenues	<i>11.2</i>	17 672	5 137
Selling costs	<i>11.6</i>	(456)	(439)
Overheads	<i>11.6</i>	(29 608)	(37 026)
Other operating costs	<i>11.3</i>	(21 515)	(295 901)
Share in profit/loss of associates		1 896	
<b>Profit/ (Loss) from operational activity</b>		<b>23 192</b>	<b>(420 936)</b>
Financial revenues	<i>11.4</i>	5 739	7 040
Financial costs	<i>11.5</i>	(20 515)	(10 896)
<b>Gross profit /(loss)</b>		<b>8 416</b>	<b>(424 792)</b>
Income tax (tax burden)	<i>12.1</i>	(13 056)	40 693
<b>Net profit/(loss) on continuing operations</b>		<b>(4 640)</b>	<b>(384 099)</b>
Discontinued operation			
<b>Net profit/(loss) on discontinued operations</b>		-	9 929
<b>Net profit/(loss) for the period</b>		<b>(4 640)</b>	<b>(374 170)</b>
Net Profit/(Loss) from continuing operations allocated to parent company shareholders		(4 640)	(384 099)
Net profit/(loss) until loss of control attributable to non-controlling shareholders		-	1 627
Net Profit/(Loss) allocated to parent company shareholders		(4 640)	(375 797)
		<i>Period ended 31 March 2024 (unaudited)</i>	<i>Period ended 31 March 2023 (unaudited)</i>
<b>(Loss)/Profit per share (in PLN):</b>			
Basic/diluted for the financial year on continued activities allocated to parent company shareholders	<i>13</i>	(0,09)	(7,56)
Basic/diluted for the financial period allocated to parent company shareholders	<i>13</i>	(0,09)	(7,39)

Accounting rules (policies) and additional explanatory notes to the consolidated financial statement constitute its integral part.

## CONSOLIDATED FINANCIAL STATEMENT OF COMPREHENSIVE INCOME

*For the period of 3 months ended March 31, 2024*

	<i>Note</i>	<i>Period ended 31 March 2024 (unaudited)</i>	<i>Period ended 31 March 2023 (unaudited)</i>
<b>Net (loss)/profit for the period</b>		<b>(4 640)</b>	<b>(374 170)</b>
<b>Other comprehensive income</b>			
<i>Items subject to reclassification to profit(loss) in subsequent reporting periods:</i>			
Cash flow hedges		-	-
Exchange rate differences related to foreign unit conversion		89	(1)
Income tax on other comprehensive income		-	-
Net other comprehensive income subject to reclassification to profit/(loss) in subsequent reporting periods		89	(1)
<i>Item not subject to reclassification to profit/(loss) in subsequent reporting periods:</i>			
Actuarial profits/(losses) on post-employment employee benefits		896	619
Income tax on other comprehensive income	<i>12.1</i>	(171)	(118)
Net other comprehensive income not subject to reclassification to profit/(loss) in subsequent reporting periods		725	501
<b>Net other comprehensive income</b>		<b>814</b>	<b>500</b>
<b>Comprehensive income for the period</b>		<b>(3 826)</b>	<b>(373 670)</b>
Comprehensive income allocated to parent company shareholders		(3 826)	(375 297)
Comprehensive income allocated to non-controlling interests		-	1 627

Accounting rules (policies) and additional explanatory notes to the consolidated financial statement constitute its integral part.

## CONSOLIDATED STATEMENT OF FINANCIAL STATNDING

*As at March 31, 2024*

	<i>Note</i>	<i>31 March 2024 (unaudited)</i>	<i>31 December 2023</i>
<b>ASSETS</b>			
<b>Fixed assets</b>			
Tangible fixed assets	<i>14</i>	332 350	330 311
Advance payment for fixed assets	<i>14</i>	466 392	471 270
Right-of-use assets	<i>15</i>	35 733	37 541
Investment property		1 746	1 753
Intangible assets	<i>16</i>	2 558	2 770
Other long-term financial assets	<i>17.1</i>	43 171	18 404
Shares in associates and joint ventures valued using the equity method	<i>17.2</i>	722 698	720 802
Other long-term non-financial assets	<i>17.3</i>	97	47
Deferred tax assets	<i>12.2</i>	5 550	9 261
<b>Total fixed assets</b>		<b>1 610 295</b>	<b>1 592 159</b>
<b>Current assets</b>			
Emission allowances	<i>16</i>	606 889	581 068
Inventories	<i>18</i>	12 612	14 848
Trade and other receivables	<i>19</i>	695 417	563 430
Income tax receivables		371	473
Short-term derivative financial instruments (assets)	<i>24.4</i>	-	-
Other short-term financial assets	<i>17.1</i>	-	11 348
Other short-term non-financial assets	<i>17.3</i>	45 543	290 853
Assets under contracts with clients	<i>11.7</i>	4 026	1 520
Cash and cash equivalents	<i>20</i>	675 164	534 009
<b>Total current assets</b>		<b>2 040 022</b>	<b>1 997 549</b>
<b>TOTAL ASSETS</b>		<b>3 650 317</b>	<b>3 589 708</b>

Accounting rules (policies) and additional explanatory notes to the consolidated financial statement constitute its integral part.

ZE PAK SA CAPITAL GROUP  
Interim condensed consolidated financial statements for the period of 3 months ended March 31, 2024  
(in PLN thousand)

	Note	31 March 2024 (unaudited)	31 December 2023
<b>LIABILITIES AND EQUITY</b>			
<b>Equity</b>			
Share capital		101 647	101 647
Supplementary capital		1 235 173	1 235 173
Other reserve capitals		3 472	3 472
Retained profits / Accumulated losses		567 368	571 308
Exchange rate differences related to foreign unit conversion		2	(87)
<b>Equity allocated to parent company shareholders</b>		<b>1 907 662</b>	<b>1 911 513</b>
Non-controlling interest equity		-	-
<b>Total equity</b>		<b>1 907 662</b>	<b>1 911 513</b>
<b>Long-term liabilities</b>			
Interest-bearing loans and borrowings	22	-	-
Long-term employee benefits		24 159	24 103
Trade liabilities and other short-term financial liabilities	24.2	428	445
Long-term lease liabilities	15	28 171	35 879
Long-term subsidies and income prepayments and accruals	24.5	4 980	5 026
Other long-term provisions, and prepayments and accruals	23	494 385	488 888
Deferred income tax provisions	12.2	26 338	25 055
<b>Total long-term liabilities</b>		<b>578 461</b>	<b>579 396</b>
<b>Short-term liabilities</b>			
Trade liabilities and other short-term financial liabilities	24.1	134 585	173 124
Short-term lease liabilities	15	3 976	3 976
Current portion of interest-bearing loans and borrowings	22	-	-
Short-term financial derivatives (liabilities)		-	-
Other non-financial liabilities	24.3	38 862	36 142
Income tax liabilities		3 620	15 326
Short-term employee benefits		3 701	4 921
Short-term subsidies and income prepayments and accruals		46	46
Amounts due to ordering parties under long-term contracts	11.7	8 201	8 042
Other short-term provisions and accruals	23	971 203	857 222
<b>Total short-term liabilities</b>		<b>1 164 194</b>	<b>1 098 799</b>
<b>Total liabilities</b>		<b>1 742 655</b>	<b>1 678 195</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>3 650 317</b>	<b>3 589 708</b>

Accounting rules (policies) and additional explanatory notes to the consolidated financial statement constitute its integral part.



## CONSOLIDATED STATEMENT OF CASH FLOW

*For the period of 3 months ended March 31, 2024*

	<i>Note</i>	<i>Period ended 31 March 2024 (unaudited)</i>	<i>Period ended 31 March 2023 (unaudited)</i>
<b>Cash flow from operating activities</b>			
Gross Profit/(Loss) from continuing operations		8 416	(424 792)
Gross Profit/(Loss) from discontinued operations		-	11 147
<b>Total gross profit/loss</b>		<b>8 416</b>	<b>(413 645)</b>
<b>Adjustments for:</b>			
Depreciation and amortization		3 546	13 332
Interest and shares in profits		(1 936)	34 523
(Profit)/loss due to exchange rate differences		10	(673)
(Profit)/loss on investment activities		16 109	1 590
(Increase)/decrease in receivables		110 763	(45 993)
(Increase)/decrease in inventories		2 236	(18 931)
Increase/(decrease) in liabilities, except for loans and borrowings		(44 150)	(62 276)
Change in provisions, prepayments/accruals and employee benefits		119 209	847 724
Income tax paid		(19 836)	(9 668)
Expenses related to purchase CO <sub>2</sub> emission allowances		(90 265)	(860 750)
Other		(24)	(156)
<b>Net cash from operating activities</b>		<b>104 078</b>	<b>(514 923)</b>
<b>Incl. net cash from operating activities - discontinued operations</b>		<b>-</b>	<b>111 689</b>
<b>Cash flows from investment activities</b>			
Sale of tangible and intangible fixed assets		54 579	53
Acquisition of tangible and intangible fixed assets		(3 209)	(183 917)
Expenses and proceeds related to other financial assets		(14 124)	(92)
Other		(3)	(1)
<b>Net cash from investment activities</b>		<b>37 243</b>	<b>(183 957)</b>
<b>Incl. net cash from investment activities – discontinued operations</b>		<b>-</b>	<b>(143 681)</b>
<b>Cash flows from financial activities</b>			
Repayment of financial lease liabilities		-	(992)
Proceeds from loans, borrowings and debt securities		-	226 286
Repayment of loans, borrowings and debt securities		-	(134 770)

Accounting rules (policies) and additional explanatory notes to the consolidated financial statement constitute its integral part.

ZE PAK SA CAPITAL GROUP  
*Interim condensed consolidated financial statements for the period of 3 months ended March 31, 2024*  
(in PLN thousand)

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Interest paid	(166)	(18 177)
<b>Net cash from financial activities</b>	<b>(166)</b>	<b>72 347</b>
<b>Incl. net cash from financial activities – discontinued operations</b>	<b>-</b>	<b>72 347</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>141 155</b>	<b>(626 533)</b>
<b>Cash at the beginning of the period</b>	<b>534 009</b>	<b>1 462 749</b>
<b>Cash at the beginning of the period from discontinued operations</b>	<b>-</b>	<b>123 116</b>
<b>Cash at the end of the period</b>	<b>675 164</b>	<b>836 216</b>
<b>Cash at the end of the period from discontinued operations</b>	<b>-</b>	<b>163 472</b>

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Accounting rules (policies) and additional explanatory notes to the consolidated financial statement constitute its integral part.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the period of 3 months ended March 31, 2024 (unaudited)*

	<i>Share capital</i>	<i>Supplementary capital</i>	<i>Other reserve capitals</i>	<i>Retained profits/Accumulated losses</i>	<i>Exchange rate differences related to foreign unit conversion</i>	<i>Total</i>	<i>Non-controlling interest equity</i>	<i>Total equity</i>
<b>As at January 1, 2024</b>	<b>101 647</b>	<b>1 235 173</b>	<b>3 472</b>	<b>571 308</b>	<b>(87)</b>	<b>1 911 513</b>	-	<b>1 911 513</b>
Net profit for the period	-	-	-	(4 640)	-	(4 640)	-	(4 640)
Total other comprehensive income	-	-	-	725	89	814	-	814
<b>Comprehensive income for the period</b>	-	-	-	<b>(3 915)</b>	<b>89</b>	<b>(3 826)</b>	-	<b>(3 826)</b>
Other changes	-	-	-	(25)	-	(25)	-	(25)
<b>As at March 31, 2024 (unaudited)</b>	<b>101 647</b>	<b>1 235 173</b>	<b>3 472</b>	<b>567 368</b>	<b>2</b>	<b>1 907 662</b>	-	<b>1 907 662</b>

Accounting rules (policies) and additional explanatory notes to the consolidated financial statement constitute its integral part.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the period ended March 31, 2023 (unaudited)*

	<i>Share capital</i>	<i>Supplementary capital</i>	<i>Other reserve capitals</i>	<i>Retained profits/Accumulated losses</i>	<i>Exchange rate differences related to foreign unit conversion</i>	<i>Total</i>	<i>Non-controlling interest equity</i>	<i>Total equity</i>
<b>As at January 1, 2023</b>	<b>101 647</b>	<b>1 232 981</b>	<b>3 472</b>	<b>(614 406)</b>	<b>2</b>	<b>723 696</b>	<b>490 803</b>	<b>1 214 499</b>
Net profit for the period	-	-	-	(375 797)	-	(375 797)	1 627	(374 170)
Total other comprehensive income	-	-	-	501	(1)	500	-	500
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(375 296)</b>	<b>(1)</b>	<b>(375 297)</b>	<b>1 627</b>	<b>(373 670)</b>
Transfer of profits by non-controlling interests to retained profits	-	-	-	-	-	-	-	-
Other changes	-	-	-	1	-	1	1	2
<b>As at March 31, 2023 (unaudited)</b>	<b>101 647</b>	<b>1 232 981</b>	<b>3 472</b>	<b>(989 701)</b>	<b>1</b>	<b>348 400</b>	<b>492 431</b>	<b>840 831</b>

Accounting rules (policies) and additional explanatory notes to the consolidated financial statement constitute its integral part.

## ACCOUNTING RULES (POLICIES) AND ADDITIONAL EXPLANATORY NOTES

### 1. General information

ZE PAK SA Capital Group (“Group”, “Capital Group”, “ZE PAK SA Group”) consists of ZE PAK SA (“parent company”, “Company”, “ZE PAK SA”) and its subsidiaries (see Note 2).

The Group’s interim condensed consolidated financial statements covers the period of 3 months ended March 31, 2024 and includes comparative data for the period of 3 months ended March 2023 as well as the data as at December 31, 2023.

The parent company is entered into the Register of Entrepreneurs of the National Court Register kept by the District Court Poznań – Nowe Miasto and Wilda in Poznań, 9th Commercial Division of the National Court Register, under the KRS number 0000021374.

The parent company was assigned the statistical number (REGON) 310186795.

The duration of the parent and member companies of the Capital Group is unlimited.

The core business of the Group includes: generation and sales of electricity, generation and sales of heat (steam and hot water) and lignite extraction.

Mr Zygmunt Solorz indirectly holds Company shares representing a total of 65.96% of the Company’s share capital.

The Company has personal ties with other entities through Mr Zygmunt Solorz.

### 2. Group composition

The Group consists of ZE PAK SA and the following subsidiaries:

#### Subsidiaries

Entity	Registered office	Scope of operations	% Group’s share in the capital	
			As at 31 March 2024	As at 31 December 2023
„PAK Kopalnia Węgla Brunatnego Konin” SA	62-540 Kleczew ul. 600-lecia 9	Lignite mining	100,00%	100,00%
„PAK Górnictwo” sp. z o.o.	62-510 Konin ul. Przemysłowa 158	Repair and maintenance of machines	100,00%	100,00%
Przedsiębiorstwo Remontowe „PAK SERWIS” sp. z o.o.	62-510 Konin ul. Przemysłowa 158	Construction and repair service	100,00%	100,00%
„PCE–OZE 5” sp. z o.o.*	62-510 Konin ul. Kazimierska 45	Generation of electricity	100,00%	100,00%
„PAK CCGT” sp. z o.o.	62-510 Konin ul. Kazimierska 45	Generation of electricity	100,00%	100,00%
„PAK Pątnów” sp. z o.o.	62-510 Konin ul. Kazimierska 45	Generation of electricity	100,00%	100,00%
„Ørsted Polska OF SPV 1” sp. z o.o.**	00-801 Warszawa ul. Chmielna 73	Generation of electricity – offshore wind engineering	60,00%	60,00%
„Ørsted Polska OF SPV 6” sp. z o.o.**	00-801 Warszawa ul. Chmielna 73	Generation of electricity – offshore wind engineering	60,00%	60,00%
„PAK ATOM” SA	62-510 Konin ul. Kazimierska 45	Generation of electricity	-	100,00%
„Horset” sp. z o.o.**	03057 Kijów/Ukraina ul. Smoleńska 31/33		100,00%	100,00%

\* Entities in which ZE PAK SA is partially or fully indirectly held by other companies from ZE PAK SA Group.

\*\* Not important as part of ZE PAK SA Group and are not included in consolidation.

**Companies in which ZE PAK SA holds shares and consolidates using equity method**

Entity	Registered office	Scope of operations	% Group's share in the capital	
			As at 31 March 2024	As at 31 December 2023
„PAK – Polska Czysta Energia” sp. z o.o.	62-510 Konin ul. Kazimierska 45	Activities of central companies, excluding financial holding companies	49,50%	49,50%

**Jointly controlled companies (not included in consolidation)**

Entity	Registered office	Scope of operations	% Group's share in the capital	
			As at 31 March 2024	As at 31 December 2023
PGE PAK Energia Jądrowa SA	62-510 Konin ul. Kazimierska 45	Generation of electricity	50,00%	50,00%
„Ørsted Polska OF SPV 8” sp. z o.o.	00-801 Warszawa ul. Chmielna 73	Generation of electricity – offshore wind engineering	50,00%	50,00%
„Ørsted Polska OF SPV 9” sp. z o.o. (formerly „Mawzorino Investments” sp. z o.o.)	00-801 Warszawa ul. Chmielna 73	Generation of electricity – offshore wind engineering	50,00%	50,00%
„Ørsted Polska OF SPV 10” sp. z o.o.	00-801 Warszawa ul. Chmielna 73	Generation of electricity – offshore wind engineering	50,00%	50,00%

### 3. Composition of the Management Board of the parent company

As at the date of publication of the report, the Management Board of ZE PAK SA is composed of:

- Piotr Woźny – President of the Management Board,
- Zygmunt Artwik – Vice President of the Management Board,
- Maciej Nietopiel – Vice President of the Management Board,
- Andrzej Janiszowski – Vice President of the Management Board,
- Katarzyna Sobierajska – Vice President of the Management Board,
- Maciej Koński – Vice President of the Management Board.

### 4. Basis for the preparation of the interim condensed consolidated financial statements

These interim consolidated condensed financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as endorsed by the EU (IAS 34).

The interim consolidated condensed financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2023, approved for publication on April 30, 2024.

These interim condensed consolidated financial statements have been prepared on a historical cost basis, except for derivatives and other financial instruments.

These interim condensed consolidated financial statements are presented in PLN ("PLN") and all figures, unless otherwise indicated, are in thousands of PLN.

#### 4.1. Going concern assumptions

These interim condensed consolidated financial statements have been prepared on a going concern basis for the foreseeable future, i.e. at least for the next 12 months from the date of these financial statements.

## 5. New standards and interpretations

### 5.1. Standards and interpretations applied for the first time in 2024

The following changes to existing standards came into force in 2024.:

- **Amendments to IAS 1** „Presentation of financial statements” - Long-term liabilities with covenants (effective for annual periods beginning on or after January 1, 2024),
- **Amendments to IFRS 16** „Leasing” – Leasing liabilities in sale and leaseback transactions. The changes concern the method of valuation of liabilities arising from sale and leaseback transactions. (effective for annual periods beginning on or after January 1, 2024).

New or amended standards and interpretations that apply for the first time in 2024 do not have a significant impact on the Group's consolidated financial statements.

### 5.2. Standards and interpretations that have been published but have not yet entered into force

In the consolidated financial statements, the Group did not decide to apply the following published standards, interpretations or amendments to the existing standards before their effective date:

- **IFRS 14** „Regulatory accruals” – the European Commission decided not to initiate the approval process of this interim standard and wait for the final version of the standard,
- **Amendments to IFRS 10 and IAS 28** It provides guidelines for the sale or contribution of assets by an investor to an associated company or joint venture. Work on the approval has been postponed indefinitely,
- **Amendments to IAS 7** Statement of cash flows and **IFRS 7: Financial instruments: disclosures: financial agreements with suppliers** (published on May 25, 2023) - the entry into force of the changes has been postponed,
- **Amendments to IAS 21** Statement of cash flows and **IFRS 7: Financial instruments: disclosures: financial agreements with suppliers** (published on May 25, 2023) - the entry into force of the changes has been postponed,
- **Amendments to IFRS 18** „Presentation and disclosure of information in financial statements” (published on April 9, 2024, effective from January 1, 2027),

As at the date of approval of these consolidated financial statements for publication, the Management Board has not yet completed work on the assessment of the impact of the introduction of the above standards and interpretations on the accounting principles (policy) applied by the Group with respect to the Group's operations or its financial results.

The effective dates are the dates resulting from the content of the standards promulgated by the International Financial Reporting Council. The dates of application of the standards in the European Union may differ from the dates of application resulting from the content of the standards and are announced at the time of approval for use by the European Union. The Group has not decided to apply any standard, interpretation or amendment that has been published but has not yet entered into force in the light of European Union regulations.

## 6. Material accounting policies

The accounting policies used to prepare the interim condensed consolidated financial statements are consistent with those used to prepare the Group's annual consolidated financial statements for the year that began on January 1, 2023.

## 7. Meaningful values based on professional judgment and estimation

The range of material values based on professional judgment and estimates was presented in the consolidated financial statements prepared as at 31 December 2022 and has not changed in the current period, except for those described above.

### 7.1. War in Ukraine

On February 24, 2022, Russian troops entered Ukraine, and thus an armed conflict broke out between the two countries. The armed conflict in the immediate vicinity of the Polish borders has a very large impact on the social, economic and

political situation both in Poland and in the entire region. The impact of this conflict is also important from the point of view of the geopolitical balance of power in the world.

Despite the fact that the Company focuses its operations on the domestic market and there are no direct links with Russia and Ukraine, the impact of the armed conflict on the Company's operations is felt through indirect channels. Given that both countries play an important role as producers and exporters of a range of commodities, one of the first consequences of the conflict was significantly increased volatility in commodity and financial markets. This is especially true for the energy and agricultural sectors. The inability to predict all the consequences of the armed conflict in Eastern Europe also makes investors less willing to take risks.

High volatility on the commodity markets (especially on the energy market and the CO<sub>2</sub> emission allowances market) means that the Company may have to replenish margins to secure open positions on the forward market.

In extreme situations, this can lead to problems with ensuring adequate liquidity. On the other hand, a lower risk appetite on financial markets may lead to a worse valuation of assets and currencies in the markets of countries such as Poland, which are in the immediate vicinity of war areas, which may mean a worse valuation of the Company's assets and increased operating costs.

## **7.2. Other material values based on professional judgment and estimation**

### ***Provision for greenhouse gas emission liabilities (EUAs)***

The Group recognises a provision for liabilities due to greenhouse gas emissions. From 1 January 2021, the next trading period for emission allowances is in force, which will end on 31 December 2030. The assumption of this period is the free allocation of emission allowances (EUAs) resulting from the production of heat energy only on the basis of Article 10c of Directive 2009/29/EC. The source of uncertainty is significant fluctuations in the prices of CO<sub>2</sub> emission allowances and legal regulations related to the climate policy of the European Union.

Emission in ZE PAK SA Group in 2023 amounted to 1 628 292 ton CO<sub>2</sub>.

Emission in ZE PAK SA Group in 2022 amounted to 3 427 588 ton CO<sub>2</sub>.

In 2024, 1 628 292 EUAs will be redeemed for 2023.

## **8. Change in estimates**

In the period of 3 months ended March 31, 2024, except for those described in the financial statements, there were no significant changes in estimates or methodology of making estimates that would affect the current or future periods.

## **9. Seasonality of operations**

The demand for electricity and heat, especially among consumers, is subject to seasonal fluctuations. So far, practice has shown that electricity consumption increased in winter (mainly due to low temperatures and shorter days) and decreased in summer (due to the holiday season, higher ambient temperatures and longer days). In recent years, there has been a systematic increase in the demand for electricity in summer, mainly due to the growing number of refrigeration and air conditioning equipment used.

Regardless of the factors described above, meteorological conditions are becoming increasingly important for the Group's production level. At one time, the Group's operations were not subject to the seasonality of demand to a significant extent, due to low costs, the units were operated continuously (on a basis) almost throughout the year. Currently, taking into account the growing share of RES in the segment of energy producers, including primarily wind sources and photovoltaics, weather conditions are becoming increasingly important when estimating the Group's production volume, with particular emphasis on wind conditions in the first and fourth quarters and sunny conditions in the second and third quarters. However, the risk related to seasonality and meteorological conditions is not key to the Group's operations.

## **10. Operating segments**

For management purposes, the Group has been divided into parts based on the products manufactured and services provided.

Therefore, the following operating segments have been distinguished:

- 1) Generation Segment covers the production of electricity from conventional sources. The fuel used by the Generation Segment is lignite. The Generation segment includes the following units:



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- ZE PAK SA
- PCE – OZE 5 sp. z o.o.
- PAK CCGT sp. z o.o.
- 2) The Mining segment, which includes lignite mining. The Mining Segment of the ZE PAK SA Capital Group operates:
  - „PAK Kopalnia Węgla Brunatnego Konin” SA
- 3) Renovation segment providing services in the area of construction and renovation services. The segment includes the activities of Przedsiębiorstwo Remontowe "PAK SERWIS" sp. z o.o.

ZE PAK SA Group also conducts other types of activities, which are included in the "Other" column. In the period of 9 months of 2023, the activities of other companies are included there.

Transaction prices applied in transactions between operating segments are determined on an arm's length basis, similarly to transactions with unrelated parties. None of the Group's operating segments was merged with another segment to create the above reportable operating segments.

Revenue from transactions between segments is eliminated in the consolidation process.

The body making key decisions in the Group is the Management Board of ZE PAK SA. The Management Board monitors the operating results of the segments separately in order to make decisions regarding the allocation of resources, the assessment of the impact of this allocation and the results of operations. The basis for assessing the results of operations is the profit or loss on operating activities and EBITDA. EBITDA should be viewed as an addition to, and not a substitute for, the results of operations presented in accordance with IFRS. EBITDA is a useful indicator of debt borrowing and servicing capacity. EBITDA is not defined by IFRS and may be calculated differently by other entities. The following is the arrangement and definitions used by the ZE PAK SA Group to determine these measures.

The Group defines EBITDA as net profit excluding finance income and costs, income tax, depreciation and amortization and impairment losses on fixed assets and mining assets.

Total EBITDA for entire Capital Group of ZE PAK SA:

	<i>3-month period ended 31 March 2024 (unaudited)</i>	<i>3-month period ended 31 March 2023 (unaudited)</i>
Net profit/(loss)	(4 640)	(374 170)
Financial revenues	- 5 739	- 11 856
Financial costs	+ 20 515	+ 34 179
Income tax	+ 13 056	- 39 475
Depreciation and impairment write-downs	+ 3 546	+ 13 332
EBITDA from continuing operations	<u>26 738</u>	<u>(416 549)</u>
EBITDA from discontinued operations	<u>-</u>	<u>38 559</u>
<b>EBITDA</b>	<b><u>26 738</u></b>	<b><u>(377 990)</u></b>

The results of segments for the periods ended March 31, 2024 and March 31, 2023, are presented below.

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**A period of 3 months ended March 31, 2024 (unaudited)**

	Generation	Mining	Renovation	Sale	Other	Consolidation adjustments	Total
Revenues from sales to external clients	497 223	158	21 005	-	1 201	-	519 587
Revenues from inter-segment sales	9 976	211 032	13 192	-	24 243	(258 443)	-
<b>Sales revenues</b>	<b>507 199</b>	<b>211 190</b>	<b>34 197</b>	<b>-</b>	<b>25 444</b>	<b>(258 443)</b>	<b>519 587</b>
Selling prime costs	(576 997)	(83 227)	(34 482)	-	(26 765)	257 087	(464 384)
<b>Gross profit/(loss) on sales</b>	<b>(69 798)</b>	<b>127 963</b>	<b>(285)</b>	<b>-</b>	<b>(1 321)</b>	<b>(1 356)</b>	<b>55 203</b>
Other operating revenues	10 031	7 571	55	-	94	(79)	17 672
Selling costs	(456)	-	-	-	-	-	(456)
Overheads	(13 127)	(11 256)	(3 874)	-	(1 351)	-	(29 608)
Other operating costs	(18 314)	(1 735)	(53)	-	(1 436)	23	(21 515)
Share in profit/loss of associated entities	-	-	-	-	-	1 896	1 896
Financial revenues	2 256	3 053	251	-	179	-	5 739
Financial costs	(14 400)	(5 724)	(361)	-	(30)	-	(20 515)
<b>Gross profit/(loss)</b>	<b>(103 808)</b>	<b>119 872</b>	<b>(4 267)</b>	<b>-</b>	<b>(3 865)</b>	<b>484</b>	<b>8 416</b>
Income tax (tax burden)	(5 458)	(8 123)	729	-	(257)	53	(13 056)
<b>Net profit/(loss) on continuing operations</b>	<b>(109 266)</b>	<b>111 749</b>	<b>(3 538)</b>	<b>-</b>	<b>(4 122)</b>	<b>537</b>	<b>(4 640)</b>
<b>Profit/(loss) on operating activities, excl. financial operations and income tax</b>	<b>(91 664)</b>	<b>122 543</b>	<b>(4 157)</b>	<b>-</b>	<b>(4 014)</b>	<b>484</b>	<b>23 192</b>
Depreciation	881	1 612	519	-	534	-	3 546
<b>EBITDA</b>	<b>(90 783)</b>	<b>124 155</b>	<b>(3 638)</b>	<b>-</b>	<b>(3 480)</b>	<b>484</b>	<b>26 738</b>

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**A period of 3 months ended March 31, 2023 (unaudited)**

	Generation	Mining	Renovation	Sale	Other	Consolidation adjustments	Total
Revenues from sales to external clients	688 137	320	21 726	-	1 176	-	711 359
Revenues from inter-segment sales	13 309	196 402	32 719	-	27 961	(270 391)	-
<b>Sales revenues</b>	<b>701 446</b>	<b>196 722</b>	<b>54 445</b>	<b>-</b>	<b>29 137</b>	<b>(270 391)</b>	<b>711 359</b>
Selling prime costs	(588 480)	(414 222)	(55 401)	-	(29 819)	283 856	(804 066)
<b>Gross profit/(loss) on sales</b>	<b>112 966</b>	<b>(217 500)</b>	<b>(956)</b>	<b>-</b>	<b>(682)</b>	<b>13 465</b>	<b>(92 707)</b>
Other operating revenues	680	4 028	123	-	313	(7)	5 137
Selling costs	(439)	-	-	-	-	-	(439)
Overheads	(17 360)	(14 390)	(3 820)	-	(1 456)	-	(37 026)
Other operating costs	(5 918)	(289 905)	(61)	-	(17)	-	(295 901)
Financial revenues	6 576	878	79	-	83	(576)	7 040
Financial costs	(5 608)	(7 508)	(204)	-	-	2 424	(10 896)
<b>Gross profit/(loss)</b>	<b>90 897</b>	<b>(524 397)</b>	<b>(4 839)</b>	<b>-</b>	<b>(1 759)</b>	<b>15 306</b>	<b>(424 792)</b>
Income tax (tax burden)	(8 061)	49 542	842	-	255	(1 885)	40 693
<b>Net profit/(loss) on continuing operations</b>	<b>82 836</b>	<b>(474 855)</b>	<b>(3 997)</b>	<b>-</b>	<b>(1 504)</b>	<b>13 421</b>	<b>(384 099)</b>
<b>Profit/(loss) on operating activities, excl. financial operations and income tax</b>	<b>89 929</b>	<b>(517 767)</b>	<b>(4 714)</b>	<b>-</b>	<b>(1 842)</b>	<b>13 458</b>	<b>(420 936)</b>
Depreciation	2 724	1 490	629	-	486	(942)	4 387
<b>EBITDA from continuing operations</b>	<b>92 653</b>	<b>(516 277)</b>	<b>(4 085)</b>	<b>-</b>	<b>(1 356)</b>	<b>12 516</b>	<b>(416 549)</b>
<b>EBITDA from discontinued operations</b>							<b>38 559</b>
<b>EBITDA</b>							<b>(377 990)</b>

## 11. Revenues and costs

### 11.1. Sale revenues

	<i>3-month period ended</i> <i>31 March 2024 (unaudited)</i>	<i>3-month period ended</i> <i>31 March 2023 (unaudited)</i>
Material structure		
<b>Revenues from the sale of goods and services, including:</b>		
Revenues from the sale of own-production electricity	205 260	579 278
Revenues from sales of electric energy from trade	141 753	392 310
Revenues from sales of thermal energy	4 850	36 839
Capacity market revenues	39 261	34 650
Revenues from the sale of biomass	80 078	-
Other sales revenues	16 232	33 899
Revenues from construction service contracts	13 225	19 414
<b>Revenues from sales of goods and services</b>	<b>500 659</b>	<b>1 096 390</b>
Excise tax	(9)	(15)
<b>Revenues from sales of goods and services including excise duty</b>	<b>500 650</b>	<b>1 096 375</b>
Property rights from energy certificates of origin, including	-	23 481
<i>Revenues from the production of green certificates</i>	-	23 481
<i>Profit (Loss) on the sale of energy certificates</i>	-	-
Compensation for termination of LTC	18 937	31 749
<b>Total sale revenues</b>	<b>519 587</b>	<b>711 359</b>
Sale revenues from discontinued operations	-	440 246
<b>Total sale revenues</b>	<b>519 587</b>	<b>1 151 605</b>

### 11.2. Other operating revenues

	<i>3-month period ended</i> <i>31 March 2024 (unaudited)</i>	<i>3-month period ended</i> <i>31 March 2023 (unaudited)</i>
Compensation revenues	56	1
Redemption of a receivable impairment write-down	6 950	80
Settlement of subsidies	46	-
Revenues from demolition and sale of scrap	759	1 334
Profit from sales of non-financial fixed assets	2 287	684
Sale of other material	3 468	2 305
Other	4 106	752
<b>Total other operating revenues</b>	<b>17 672</b>	<b>5 137</b>
Other operating revenues from discontinued operations	-	19
<b>Total other operating revenues</b>	<b>17 672</b>	<b>5 156</b>

### 11.3. Other operating costs

<i>3-month period ended</i> <i>31 March 2024 (unaudited)</i>	<i>3-month period ended</i> <i>31 March 2023 (unaudited)</i>
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Creation of provisions	-	289 387
Loss on the sale of CO <sub>2</sub> emission allowances	17 449	-
Donations given	2 584	9 457
Other	1 482	1 146
<b>Total other operating costs</b>	<b>21 515</b>	<b>295 901</b>
Other operating costs from discontinued operations	-	4 089
<b>Total other operating costs</b>	<b>21 515</b>	<b>299 990</b>

The item Creation of provisions presents an update of provisions for the liquidation of ash dumps and for the costs of reclamation of mining areas.

#### 11.4. Financial revenues

	<i>3-month period ended</i> <i>31 March 2024 (unaudited)</i>	<i>3-month period ended</i> <i>31 March 2023 (unaudited)</i>
Revenues from interest	5 418	10 542
Foreign exchange gains	-	495
Other	321	819
<b>Total financial revenues</b>	<b>5 739</b>	<b>7 040</b>
Financial revenues from discontinued operations	-	4 816
<b>Total financial revenues</b>	<b>5 739</b>	<b>11 856</b>

#### 11.5. Financial costs

	<i>3-month period ended</i> <i>31 March 2024 (unaudited)</i>	<i>3-month period ended</i> <i>31 March 2023 (unaudited)</i>
Interest	619	22 278
Foreign exchange losses	5 429	5 158
Provision discount for reclamation	5 497	4 938
Other	8 970	1 805
<b>Total financial costs</b>	<b>20 515</b>	<b>10 896</b>
Financial costs from discontinued operations	-	23 283
<b>Total financial costs</b>	<b>20 515</b>	<b>34 179</b>

#### 11.6. Costs by type

	<i>3-month period ended</i> <i>31 March 2024 (unaudited)</i>	<i>3-month period ended</i> <i>31 March 2023 (unaudited)</i>
Depreciation and amortisation	3 545	13 332
Impairment write-downs on inventories	-	1 392
Material consumption	63 910	190 726
Outsourcing	35 217	32 712
Taxes and fees excluding excise tax	33 340	114 986
CO <sub>2</sub> emission costs	141 301	167 706
Employee benefits	93 406	102 516
Other costs by type	3 998	267 501

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Value of goods and materials sold and of sold energy purchased in trade	160 880	367 470
<b>Total costs by type</b>	<b>535 597</b>	<b>851 779</b>
Costs by type from discontinued operations	-	406 562
<b>Total costs by type</b>	<b>535 597</b>	<b>1 258 341</b>
Items recognized in prime cost of sales	464 384	1 190 663
Items recognized in selling costs	456	3 765
Items recognized in overheads	29 608	53 665
Change in product stock	41 045	9 891
Costs of generating house-load services	104	357

### 11.7. Construction service contracts

The Group executes contracts that it settles during the performance of works – issuing partial invoices adequate to the progress of works and a final invoice after the completion of works.

The services provided under these contracts are services provided over time. The period of implementation of contracts varies from 2 months to 6 years, although these are often 1-2 year contracts. During the term of contracts, partial invoices are issued, the payment term of which is usually 30 days. In the case of the implementation of certain high-value contracts, the Group has the option of obtaining an interim payment. Advance payments are settled with partial invoices and a final invoice.

The revenues of the third quarter of 2023 did not include the part of revenues for which the obligations to perform the performance had already been recognized in previous reporting periods.

#### **Assets and liabilities related to concluded contracts for construction and installation services**

	01.01.2024	Change in contract valuation	Revenues recognized in the first quarter of 2024 included in the liabilities balance as at 31.12.2023	Changing the period in which the right to remuneration becomes unconditional	31.03.2024
Valuation of construction contracts	1 348	3 447	-	(1 348)	3 447
Assets from contracts with customers	1 348	3 447	-	(1 348)	3 447
Valuation of construction contracts	8 901	1 063	(1 127)	-	8 837
Liabilities under contracts with customers	8 901	1 063	(1 127)	-	8 837

The change in contract valuation applies both to changes related to signed annexes to contracts with the contractor and changes to the degree of advancement of work on the contract.

The item change of the period in which the right to remuneration becomes unconditional means the realization of revenue on contracts in the first quarter of 2024 (in 2023, the determined amount of revenue was higher than the net partial invoices, and the surplus was statistically accrued).

Revenues recognized in the first quarter of 2024 are shown in negative amounts because the valuation of contracts on the liabilities side was reduced by these amounts in the first quarter of 2024 (in 2023, the sum of partial invoices was higher than the value of services provided, and the surplus was transferred to accruals revenues).

### Remaining performance obligations

The total amount of the transaction price allocated to performance obligations that remain unsatisfied (or partially unsatisfied) at the end of the reporting period to be fulfilled:

	31 March 2024	31 December 2023
- up to 1 year	45 268	32 519
<b>Total</b>	<b>45 268</b>	<b>32 519</b>

	3-month period ended 31 March 2024 (unaudited)	3-month period ended 31 March 2023 (unaudited)
The gross amount due from the ordering party for work under the contract:	4 026	8 815
The gross amount due to the ordering party for work under the contract:	8 201	3 759

## 12. Income tax

### 12.1. Tax burden

The main components of the tax burden for the period of 3 months ended March 31, 2024 and March 31, 2023 are as follows:

	3-month period ended 31 March 2024 (unaudited)	3-month period ended 31 March 2023 (unaudited)
<i>Recognized in profit or loss</i>		
<b>Current income tax</b>		
Current income tax liabilities	8 190	4 864
<b>Deferred income tax</b>		
Associated with the creation and reversal of temporary differences	4 866	(41 865)
Other changes	-	(2 474)
<b>Tax burden in consolidated profit or loss, incl.:</b>	<b>13 056</b>	<b>(39 475)</b>
<b>Continuing operations</b>	<b>13 056</b>	<b>(40 693)</b>
<b>Discontinued operations</b>	<b>-</b>	<b>1 218</b>
<i>Included in the consolidated statement of comprehensive income</i>		
Tax on net profit/(loss) on revaluation of cash flow hedges	-	-
Tax on actuarial profit/loss	(171)	(118)
<b>Tax benefit/(tax burden) recognized in other comprehensive income</b>	<b>(171)</b>	<b>(118)</b>

### 12.2. Deferred income tax

Deferred income tax results from the following positions:

	31 March 2024 (unaudited)	31 December 2023
<i>Deferred tax assets</i>		

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Balance sheet provisions	8 188	9 538
Interest and foreign exchange differences	2 695	3 025
Valuation of uncompleted construction service contracts	1 775	1 726
Tax loss from previous years	-	-
Inventories impairment write-down	163	179
Liability impairment write-down	785	1 854
Write-down of fixed assets	-	-
Difference between the balance sheet and tax value of fixed assets	-	-
Settlements with employees	142	112
Other	1 779	(1 643)
<b>Total</b>	<b>15 527</b>	<b>14 791</b>
<b>Deferred tax provisions</b>		
Difference between the balance sheet and tax value of fixed assets	23 636	8 693
Receivable on account of LTC	9 891	6 293
Energy certificates	-	-
Interest and foreign exchange differences	1	1
Valuation of uncompleted construction service contracts	581	425
Purchased CO <sub>2</sub> emission allowances	-	-
Other	2 206	(49)
<b>Total</b>	<b>36 315</b>	<b>15 363</b>
<i>After offsetting the balances at the level of companies from the Capital Group, deferred tax is presented as:</i>		
<b>Asser:</b>	<b>5 550</b>	<b>9 261</b>
<b>Provision:</b>	<b>26 338</b>	<b>25 055</b>

### 13. Profit per one share

Basic profit per a single share is calculated by dividing the net profit for the period attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares issued during the period.

Diluted earnings per share are calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period adjusted for the weighted average of the ordinary shares that would have been issued on the conversion of all dilutive potential equity instruments into ordinary shares.

The data regarding profit and shares used to calculate basic and diluted earnings per share are presented below:

	<i>3-month period ended 31 March 2024 (unaudited)</i>	<i>3-month period ended 31 March 2023 (unaudited)</i>
Net profit (loss) from continuing operations attributable to parent company shareholders.	(4 640)	(384 099)
Net profit from discontinued operations attributable to parent company shareholders.	-	9 929
Net profit (loss) attributable to ordinary shareholders, applied to calculate diluted earnings per share	(4 640)	(375 797)
Weighted average number of ordinary shares, applied to calculate the basic and diluted earnings per share	50 823 547	50 823 547



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The table below shows the profit/(loss) per share in Polish zlotys for the period of 3 months ended March 31, 2024 and March 31, 2023 presented in the profit and loss account.

	<i>3-month period ended 31 March 2024 (unaudited)</i>	<i>3-month period ended 31 March 2023 (unaudited)</i>
Basic/diluted from profit for the period from continuing operations allocated for parent company shareholders	(0,09)	(7,56)
Basic and diluted from the profit for the period allocated for parent company shareholders	(0,09)	(7,39)

In the period between the balance sheet date and the date of preparation of these financial statements, there were no other transactions concerning the ordinary shares or potential ordinary shares.

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## 14. Tangible fixed assets

### 3-month period ended March 31, 2024 (unaudited)

	<i>Lands, including perpetual usufruct rights*</i>	<i>Buildings and structures</i>	<i>Technical equipment</i>	<i>Means of transport</i>	<i>Other fixed assets</i>	<i>Capital work in progress</i>	<i>Total</i>
Gross value as at January 1, 2024	247 545	1 769 746	4 142 616	39 350	28 743	61 610	6 289 610
Direct purchase	2	-	67	58	619	9 489	10 235
Renovations	-	-	-	-	-	-	-
Transfer from capital work in progress	3 113	622	80	-	13	(3 828)	-
Sale and liquidation	-	(1 454)	(40 536)	(709)	(123)	(594)	(43 416)
Reclassification	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
Gross value as at March 31, 2024	250 660	1 768 914	4 102 227	38 699	29 252	66 677	6 256 429
Redemption and impairment write-downs as at 1 January 2024	60 151	1 768 859	4 025 443	38 765	24 178	41 903	5 959 299
Impairment write-down for the period	533	677	979	340	277	-	2 806
Impairment write-down (status change)	-	226	39	-	-	(265)	-
Sales and liquidation	-	(1 454)	(35 152)	(710)	(117)	(593)	(38 026)
Reclassification	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
Redemption and impairment write-downs as at 31 March 2024	60 684	1 768 308	3 991 309	38 395	24 338	41 045	5 924 079
Net value as at January 1, 2024	187 394	887	117 173	585	4 565	19 707	330 311
Net value as at March 31, 2024	189 976	606	110 918	304	4 914	25 632	332 350

\* this item also includes land exploited for extraction of minerals with the opencast method

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**3-month period ended March 31, 2023 (unaudited)**

	<i>Lands, including perpetual usufruct rights*</i>	<i>Buildings and structures</i>	<i>Technical equipment</i>	<i>Means of transport</i>	<i>Other fixed assets</i>	<i>Capital work in progress</i>	<i>Total</i>
Gross value as at January 1, 2023	258 640	1 980 028	4 908 714	41 366	36 883	613 040	7 838 671
Direct purchase	50	-	304	496	179	178 788	179 817
Renovations	-	-	(72)	-	-	-	(72)
Transfer from capital work in progress	2 102	72	2 608	-	69	(4 851)	-
Sale and liquidation	(71)	(2 172)	(798)	(180)	(255)	-	(3 476)
Reclassification	-	-	96	6 153	(110)	(25 654)	(19 515)
Other changes	-	620	-	-	-	-	620
Gross value as at March 31, 2023	260 721	1 978 548	4 910 852	47 835	36 766	761 323	7 996 045
Redemption and impairment write-downs as at 1 January 2023	56 786	1 768 407	4 169 137	39 842	25 038	52 597	6 111 807
Impairment write-down for the period	1 226	2 916	7 651	191	436	(61)	12 359
Impairment write-down (status change)	-	-	719	-	-	(719)	-
Sales and liquidation	-	(2 172)	(555)	(180)	(255)	-	(3 162)
Reclassification	-	-	96	-	(110)	-	(14)
Other changes	-	620	-	-	-	-	620
Redemption and impairment write-downs as at 31 March 2023	58 012	1 769 771	4 177 048	39 853	25 109	51 817	6 121 610
Net value as at January 1, 2023	201 854	211 621	739 577	1 524	11 845	560 443	1 726 864
Net value as at March 31, 2023	202 709	208 777	733 804	7 982	11 657	709 506	1 874 435

\* this item also includes land exploited for extraction of minerals with the opencast method

	31 December 2023	31 December 2022
Advance payments for the fixed assets under construction	466 392	471 270
Total	466 392	471 270

The item "Advance payment for fixed assets under construction" includes advance payments for the construction of a gas and steam unit in Adamów.

Property, plant and equipment also include strategic spare parts that are depreciated.

## 14.1. Value impairment test involving the assets of the ZE PAK SA Capital Group

### *Identification of cash-generating units (CGUs)*

According to IAS 36: "A cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. If there is any indication that an asset may be impaired, recoverable amount shall be estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, an entity shall determine the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

When separating CGUs within the Group's companies, an analysis was made of the independence of generating cash flows in terms of the operation of individual companies and the fact of selling shares by ZE PAK SA in PAK-Polska Czysta Energia sp. z o.o. to Cyfrowy Polsat SA was taken into account, as a result of which ZE PAK SA holds approximately 49.5% of shares in PAK-PCE, while CP holds approximately 50.5% of shares in PAK-PCE.

Taking into account the above, as at March 31, 2024, the following cash-generating centres were separated within the ZE PAK SA Capital Group:

- fixed assets (generating) of ZE PAK SA – Pątnów Power Plant ("CGU Pątnów Power Plant" – black energy) – units No. 1, 2, 5 (so-called Pątnów I Power Plant) and unit No. 9 (formerly the so-called Pątnów II Power Plant) recognized as a single CGU due to process and commercial links;
- fixed assets (extraction) and mining assets of PAK KWB Konin SA („CGU PAK KWB Konin”),

Moreover, the remaining CGUs were separated within the following segments: Renovations and Others.

### *Analysis of premises to conduct value impairment tests as at March 31, 2024*

Pursuant to IAS 36, at the end of every reporting period the Management Board evaluates whether there are any premises indicating that fixed assets may have been impaired. In case of identifying such premises, the Group estimates a recoverable value of such assets. Therefore, in each case the Group analyses the premises that might affect an asset value impairment, and determines cash-generating units within the Group's companies.

The main reason was that the stock market capitalization of the Parent Entity was periodically below the carrying value of net assets.

Taking into account the fact that the base operation scenario envisaged the operation of the units of Pątnów Power Plant until the end of 2024 and a significant part of the assets under the "CGU Elektrownia Pątnów" had already been written down, i.e. up to the value of the land, the Group waived from testing these assets as at March 31, 2024.

It should be noted that the Company recognizes the indications for the possibility of regulatory changes leading to an extension of the period of support in the form of the Capacity Market for coal assets at Pątnów Power Plant and is also aware of the importance of the generation assets at Pątnów Power Plant from the point of view of the needs of the National Energy System.

As at March 31, 2024, the PAK KWB Konin SA lignite mine conducted business operations in Tomisławice open pit.

The mining assets of CGU related to coal mining have already been written down to the fair value of the land, hence the Group does not see the need to test these assets.

## 15. Right-of-use assets and lease liabilities

As of 1 January 2019, the Group has been applying IFRS 16 "Leases" for the first time. According to this standard, the groups balance sheet recognizes right-of-use assets and lease liabilities.

### **The Group as a leaseholder**

The Group is a party to lease agreements in terms of underlying assets, such as:

- land, including perpetual usufruct rights,
- motor vehicles,
- machines.

Lease agreements are concluded for a period of 4 to 14 years and indefinitely, and the perpetual usufruct rights have been granted for a period of 40 to 100 years. Lease fees are indexed pursuant to the act on land management.

The lease period for motor vehicles is 2 to 5 years.

The lease period for machines (vulcanizing presses) is 2 to 5 years. The agreement is based on the underlying asset after the lease period ends.

All lease agreements are concluded in PLN.

Lease liability maturity analysis:

	<i>31 March 2024</i> <i>(unaudited)</i>	<i>31 December 2023</i>
Up to 1 year	3 976	3 976
1 – 3 years	7 007	11 671
3 – 5 years	11 671	7 007
Over 5 years	128 176	106 464
Total, acc. to non-discounted payments	<u>150 830</u>	<u>129 118</u>
Book value	<u>32 147</u>	<u>37 541</u>

### *Amounts recognized in the cash flow statement*

	<i>3-month period ended</i> <i>31 March 2024</i> <i>(unaudited)</i>	<i>Year ended</i> <i>31 December 2023</i>
Total cash outflow	<u>4 657</u>	<u>5 099</u>

### *Right-of-use*

Right-of-use assets include assets utilized pursuant to land lease agreements, perpetual usufruct right to land and financial lease at PAK KWB Konin SA and ZE PAK SA.

	<i>3-month period ended</i> <i>31 March 2024</i> <i>(unaudited)</i>	<i>Year ended</i> <i>31 December 2023</i>
Gross value as at 1 January	68 300	86 726
Redemption on 1 January	(30 759)	(25 301)
Net value as at 1 January	37 541	61 425
Increases	-	58 698
Depreciation for the period	(526)	(5 458)
Decreases	(1 282)	(77 124)
As at the end of the period	<u>35 733</u>	<u>37 541</u>

### *Additional qualitative and quantitative information on lease-related activities*

In connection with concluded lease agreements, the Group is potentially exposed to future cash outflows that have not been included in the measurement of lease-related liabilities. This includes risk resulting from:

- floating lease fees,
- lease extension and lease termination option,
- guaranteed residual value, and
- non-commenced leases, to which the leaseholder is obliged.

*Floating lease fees*

Current lease agreements do not contain floating lease fees

*Extension option*

Until the date of publishing this statement, the Group did not conclude any lease agreements that contain extension options.

## 16. Intangible assets

### *Long-term intangible assets – 3-month period ended March 31, 2024 (unaudited)*

	<i>Patents and licenses</i>	<i>Computer software</i>	<i>Other intangibles</i>	<i>Total</i>
Gross value as at 1 January 2024	18 250	720	416	19 386
Decreases	-	(12)	-	(12)
Increases	-	-	-	-
Gross value as at 31 March 2024	<u>18 250</u>	<u>708</u>	<u>416</u>	<u>19 374</u>
Redemption and impairment write-downs as at 1 January 2024	15 823	427	366	16 616
Impairment write-down for the period	188	25	-	213
Impairment write-down	-	-	-	-
Decreases	-	(13)	-	(13)
Redemption and impairment write-downs as at 31 March 2024	<u>16 011</u>	<u>439</u>	<u>366</u>	<u>16 816</u>
Net value as at 1 January 2024	<u>2 427</u>	<u>293</u>	<u>50</u>	<u>2 770</u>
Net value as at 31 March 2024	<u>2 239</u>	<u>269</u>	<u>50</u>	<u>2 558</u>

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**Long-term intangible assets – 3-month period ended March 31, 2023 (unaudited)**

	<i>Patents and licenses</i>	<i>Computer software</i>	<i>Other intangibles</i>	<i>Total</i>
Gross value as at 1 January 2023	21 344	7 588	627	29 559
Decreases	-	(887)	-	(887)
Increases	-	409	12 353	12 762
Gross value as at 31 March 2023	<u>21 344</u>	<u>7 110</u>	<u>12 980</u>	<u>41 434</u>
Redemption and impairment write-downs as at 1 January 2023	18 775	1 238	512	20 525
Impairment write-down for the period	179	32	1	212
Impairment write-down	-	-	-	-
Decreases	-	(478)	-	(478)
Redemption and impairment write-downs as at 31 March 2023	<u>18 954</u>	<u>792</u>	<u>513</u>	<u>20 259</u>
Net value as at 1 January 2023	<u>2 569</u>	<u>6 350</u>	<u>115</u>	<u>9 034</u>
Net value as at 31 March 2023	<u>2 390</u>	<u>6 318</u>	<u>12 467</u>	<u>21 175</u>



### **Emission allowances**

	31 March 2024 (unaudited)	31 March 2023 (unaudited)
	Certified emission reduction units (EUA)	Certified emission reduction units (EUA)
Gross value as at 1 January	581 068	-
Sale	(64 445)	-
Transferred as collateral to IRGIT	-	-
Purchase	90 266	860 750
EUA redemption	-	-
Net value as at 31 December	606 889	860 750

## **17. Other assets**

### **17.1. Other financial assets**

	31 March 2024 (unaudited)	31 December 2023
MPDF* deposits and investments	313	1 224
Shares	23 830	9 706
Loans granted	11 713	11 507
Other	7 315	7 315
Total other financial assets	43 171	29 752
Short-term	-	11 348
Long-term	43 171	18 404

\* MPDF – mining plant decommissioning fund

Establishing a mining plant decommissioning fund arises from the Geological and Mining Law act.

### **17.2. Investment value valued using the equity method**

	31 March 2024 (unaudited)	31 December 2023
Initial investment value valued using the equity method	691 563	691 563
Share in the profit of associated entities in 2023	29 239	29 239
Share in the profit of associated entities in 2024	1 896	-
Total	722 698	720 802

ZE PAK Group lost control over PAK-PCE Group and since the loss of control, it has been consolidating the results of PAK-PCE Group using the equity method.

In accordance with IFRS 10, ZE PAK Group measured the retained minority stake at fair value at the moment of loss of control.

The share in the profit of associated entities was determined as a proportional share in the profit of PAK-PCE Group from the date of loss of control until December 31, 2023 and from January 1, 2024 until March 31, 2024.

### 17.3. Other non-financial assets

	31 March 2024 (unaudited)	31 December 2023
VAT receivables	37 809	283 365
Insurance	208	3 349
Other budget receivables	103	811
Other prepayments and accruals	5 266	2 361
Advance payments for supplies	566	714
Other	1 688	300
Other non-financial assets, total	<u>45 640</u>	<u>290 900</u>
Short-term	<u>45 543</u>	<u>290 853</u>
Long-term	<u>97</u>	<u>47</u>

### 18. Inventories

	31 March 2024 (unaudited)	31 December 2023
Production fuel	8 233	10 004
Spare parts and other materials	4 189	4 844
Energy certificates of origin	190	-
Goods	-	-
Total inventories according to the lower of two values: purchase price (production cost) and net realizable value	<u>12 612</u>	<u>14 848</u>

### 19. Trade and other receivables

	31 March 2024 (unaudited)	31 December 2023
Trade receivables	132 959	143 124
Compensation receivables in connection with LTC termination	52 058	33 121
Receivables related to hedging energy purchases on the balancing market	475 146	343 295
Other receivables	35 254	43 890
Net receivables	<u>695 417</u>	<u>563 430</u>
Receivables impairment write-down	12 709	19 637
Gross receivables	<u>708 126</u>	<u>583 067</u>

The Group has an appropriate policy in terms of selling only to verified clients. The top management believes that this removes additional credit risk above the risk determined by the bad debt impairment write-down, relevant to the Group's trade receivables.

### 20. Cash and cash equivalents

Cash at bank bears interest at floating rates, which depend on the interest rate on one-day bank deposits. Short-term deposits are submitted for various periods; from one day to three months, depending on the current Group's demand for

cash and bear fixed interest rates. The fair value of cash and cash equivalents as at 31 March 2024 amounts to PLN 675 164 thousand (as at 31 March 2023: PLN 836 216 thousand).

The balance of cash and cash equivalents reported in the consolidated cash flow statement consisted of the following items:

### **Cash structure**

	<i>31 March 2024 (unaudited)</i>	<i>31 March 2023 (unaudited)</i>
Cash at bank and in hand	675 164	836 216
Short-term deposits	-	-
<b>Total balance of cash and cash equivalents recognized in balance sheet:</b>	<u>675 164</u>	<u>836 216</u>

## **21. Dividends paid and proposed for payment**

The Group did not pay nor declared a payment of dividend in the first quarter of 2024.

## **22. Interest-bearing bank loans and borrowings**

Both in the period of 3 months ended March 31, 2024 and at the end of 2023, the Group did not have any bank loans and credits.

## **23. Provisions and accruals**

### **23.1. Accruals**

	<i>31 March 2024 (unaudited)</i>	<i>31 December 2023</i>
Provision for bonuses and holiday leaves	28 292	29 206
Insurance company compensation	980	891
Financial statement audit	150	400
Other	1 510	78
<b>Total</b>	<u>30 932</u>	<u>30 575</u>
Short-term	30 932	30 575
Long-term	<u>-</u>	<u>-</u>

Provisions for retirement benefits and other post-employment benefits are presented in the Group's statement of financial position under "employee benefits" broken down into long-term and short-term.

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## 23.2. Changes in provision

	<i>EUA redemption provision</i>	<i>Provision for fixed asset liquidation costs</i>	<i>Provision for liquidation of ash landfills</i>	<i>Provision for the redemption of energy certificates of origin</i>	<i>Provision for reclaiming mining areas</i>	<i>Other</i>	<i>Total</i>
<b>As at 1 January 2024</b>	608 294	-	67 354	200	621 370	18 317	1 315 535
Increases	141 301	-	-	2	5 498	8 972	155 773
Decreases, incl.:	-	-	-	-	(36 479)	(173)	(36 652)
<i>Use</i>	-	-	-	-	(36 400)	-	(36 400)
<i>release</i>	-	-	-	-	(79)	(173)	(252)
<b>As at 31 March 2024 (unaudited)</b>	<u>749 595</u>	<u>-</u>	<u>67 354</u>	<u>202</u>	<u>590 389</u>	<u>27 116</u>	<u>1 434 656</u>
Long-term	-	-	67 354	-	426 702	329	494 385
Short-term	749 595	-	-	202	163 687	26 787	940 271
<b>As at 1 January 2023</b>	1 154 221	20 875	72 225	25 868	358 691	30 165	1 662 045
Increase	608 294	-	-	686	580 654	16 252	1 204 886
Decrease, incl.:	(1 154 221)	(20 875)	(4 871)	(26 354)	(317 975)	(43 928)	(1 552 396)
<i>use</i>	(1 153 588)	(20 875)	(4 871)	(26 354)	(164 247)	(16 079)	(1 365 139)
<i>release</i>	(633)	-	-	-	(153 728)	(12 021)	(187 257)
<b>As at 31 December 2023</b>	<u>608 294</u>	<u>-</u>	<u>67 354</u>	<u>200</u>	<u>621 370</u>	<u>18 317</u>	<u>1 315 535</u>
Long-term	-	-	67 354	-	421 205	329	488 888
Short-term	608 294	-	-	200	200 165	17 988	826 647

### 23.3. Description of significant reserve titles

#### 23.3.1. Provision for greenhouse gas emission liabilities (EUAs)

The Group recognises a provision for the redemption of greenhouse gas emission allowances. As at March 31, 2024, the amount of the provision is PLN 749,595 thousand.

##### CO<sub>2</sub> emission allowances

From 1 January 2021, the next trading period for emission allowances is in force, which will end on 31 December 2030. The assumption of this period is the free allocation of emission allowances (EUAs) resulting from the production of heat energy only on the basis of Article 10a of Directive 2009/29/EC. In 2024, the Group will receive a negligible amount of free CO<sub>2</sub> emission allowances, i.e. 11,201 EUAs, resulting from the allocation for heat production. Therefore, practically the entire amount of emission allowances needed by the ZE PAK SA Group must be purchased on the secondary market.

As of January 1, 2024, the number of EUA units in Ze PAK was 1,587,517 EUA. In the first quarter of 2024, ZE PAK SA redeemed the concluded futures contracts on MAR24 in the amount of 79,000 EUAs. The Company still has the received free EUA for 2023 in the amount of 13,476 EUAs. The balance of EUA units on the KOBIZE account as of March 31, 2024 was 1,679,993 EUA.

The provision is created in correspondence with the cost of sales.

##### CO<sub>2</sub> emission allowances for the period of 3 months ended March 31, 2024 (unaudited)

		<b>ZE PAK SA</b>
	CO <sub>2</sub> emission (in tonnes)*	347 975
		<i>Volume (in tonnes)</i>
<b>EUA</b>	Balance at the start of the period	1 587 517
	Acquired	79 000
	Received free	13 476
	Sale of EUA	-
	Return on IRGIT collateral	-
	Redemption for 2023	-
	Balance at the end of the period	1 679 993
	Left to be acquired	-

##### CO<sub>2</sub> emission allowances for the period of 3 months ended March 31, 2023 (unaudited)

		<b>ZE PAK SA</b>
	CO <sub>2</sub> emission (in tonnes)*	433 034
		<i>Volume (in tonnes)</i>
<b>EUA</b>	Balance at the start of period	2 016
	Acquired	2 502 000
	Received free	-
	Transferred as collateral to IRGIT	-
	Return on IRGIT collateral	-
	Redemption for 2022	-
	Balance at the end of the period	2 504 016
	Left to be acquired	-

\* Physical redemption of emission allowances for a given year is conducted in the first months of the following year.

### **23.3.2. Provision for reclamation of ash storage yards and costs of fixed asset liquidation**

The Group is creating a provision for future costs of land reclamation, pursuant to the legal obligation arising from "Integrated permits". Data developed by a third-party expert constitute grounds for provision estimation. The provision amount is estimated and verified at each balance sheet date, pursuant to estimated costs to be incurred in the future and discounts. As at 31 March 2024, the created provision amounted to PLN 67 354 thousand.

The current environmental permits (Integrated Permit for waste storage yards, Waste storage yard Operation Manual approved by the Marshal of the Wielkopolskie Province) have been issued for ZE PAK SA. ZE PAK SA is the administrator of the storage yard and is obliged to conduct environmental monitoring around the storage yard and its reclamation. The storage yard stores lignite and biomass combustion waste. Coal combustion waste volumes are larger than from biomass combustion. ZE PAK SA does not envisage changing the storage yard administrator at the moment. However, the process of shutting down a part of the Gosławice open pit combustion waste storage yard (approximately 100 ha) has begun. The reclamation process of this section should be completed around 2026. The remaining part of this storage yard is currently not planned for reclamation. Waste from PAK-PCE Biopaliwa i Wodór sp. z o.o. will be stored there. Waste is transferred to ZE PAK SA under a contract.

### **23.3.3. Reclamation provisions and other related to mining activity**

PAK KWB Konin SA and PAK KWB Adamów SA in liquidation are obliged to reclaim areas of extraction works pursuant to the Geological and Mining Law act. Therefore, the Group is creating a provision for both the area reclamation costs related to current coal extraction within a given open pit and for the reclamation of a final excavation pursuant to the coal extraction progress of individual open pits at the balance sheet date.

The provision is created based on future reclamation cost estimates on the basis of reports by independent experts estimating reclamation costs, as commissioned by the Management Board. Estimates concerning projected reclamation costs are analysed periodically; however, at every reporting date, the size of provision is verified in accordance with current assumptions on the discount and inflation rates, and the size of extraction.

As part of their activities, PAK KWB Konin SA is obliged to restore to the original condition or to rebuild damages caused by mine operations. Therefore, the Group establishes a provision for projected costs that it is obliged to incur under concluded agreements. Estimates concerning projected costs related to mining plant operations are updated at every reporting date.

The provision for the decommissioning of facilities and reclamation of mining areas and for the preparation of mining areas in PAK KWB Konin SA as at March 31, 2024 amounted to PLN 590,387 thousand and decreased compared to the year ended December 31, 2023 by PLN 30,983 thousand. When calculating the provision, the Group adopted the following assumptions: discount rate of 5.22%, the inflation rate was adopted on the basis of the "Inflation Report - November 2023", containing an inflation projection prepared in the Department of Economic Analysis and Research of the National Bank of Poland. The provision is created in correspondence with the cost of sales. Provision for the redemption of energy certificates.

### **23.3.4. Provision for the redemption of energy certificates**

In association to the sales of electricity to final consumers, the Group is obliged to redeem a specified number of certificates of origin concerning energy from renewable energy sources, gas, and peak load co-generation. As at 31 December 2023, the provision established for this purpose amounted to PLN 202 thousand. The provision is established in correlation to the selling prime cost.

### **23.3.5. Other provisions**

The main items in other provisions as at 31 March 2024 at PAK KWB Konin SA are provisions for mining damage in the amount of PLN 329 thousand, provisions for pending court proceedings in the amount of PLN 1 691 thousand; at PAK KWB Konin SA under liquidation these are provisions for permanent exclusion from forestry production of lands for the final reservoir after the Adamów open pit in the amount of PLN 15 828 thousand and provisions for the acquisition of real estate - expropriation in the amount of PLN 8,030 thousand, provisions for operating fees in the amount of PLN 564 thousand. The provisions for mining damage and the provision for fixed production decommissioning are established in correlation with the selling prime cost, and the provisions for pending court proceedings in correlation with other operating costs.

## 24. Trade liabilities, other liabilities, prepayments and accruals

### 24.1. Trade liabilities and other financial liabilities (short-term)

	31 March 2024 (unaudited)	31 December 2023
Trade liabilities:	111 817	152 469
<i>Other liabilities:</i>		
Investment liabilities	3 125	2 338
Employee remuneration liabilities	10 347	13 988
Security liabilities	963	1 114
Other liabilities	8 332	3 215
Total	<u>134 584</u>	<u>173 124</u>

*Principles and payment terms regarding financial liabilities above:*

Trade liabilities do not bear interest and are usually settled within either 14-day or 30-day periods. Interest-related liabilities are usually settled within either monthly or quarterly periods during the entire financial year.

### 24.2. Trade liabilities and other financial liabilities (long-term)

	31 March 2024 (unaudited)	31 December 2023
Short-term liabilities to other entities	-	-
- over 12 months	-	-
Other	428	-
Total	<u>428</u>	<u>-</u>

### 24.3. Other non-financial liabilities

	31 March 2024 (unaudited)	31 December 2023
VAT liabilities	15 324	3 944
Environmental fee liabilities	250	2 539
Excise duty liabilities	62	56
Social insurance liabilities	15 918	18 527
Personal income tax	3 764	3 983
Other budget liabilities	744	5 562
Service fee	-	866
Other	2 800	665
Total	<u>38 862</u>	<u>36 142</u>

Liabilities related to environmental charges concern charges for air pollution, waste storage, intake of water and wastewater disposal. The settlement period is one year.

Liabilities related to mining fees concern charges for an extracted mineral pursuant to the Geological and Mining Law. The settlement period is six months.

## 24.4. Derivative financial instruments

Both in the period of 3 months ended March 31, 2024 and at the end of 2023, the Group did not have any derivative financial instruments.

## 24.5. Subsidies and long-term deferred income (long-term)

	<i>31 March 2024 (unaudited)</i>	<i>31 December 2023</i>
Difference on receivable purchase	-	-
Long-term subsidies	132	178
Other	4 848	4 848
Total	4 980	5 026

The main component of the “Other” item comprises lands received from the District Starosty and Commune free-of-charge in the amount of PLN 3 895 thousand.

## 25. Contingent liabilities and the description of essential court proceedings

In addition to the liabilities described in notes 26 and 27, as at 31 March 2024 the Group did not have other contingent liabilities, granted guarantees, and sureties.

### 25.1. Court proceedings

#### *Proceedings in the case of an environmental decision issued with respect to PAK KWB Konin SA concerning Tomisławice lignite deposit*

PAK KWB Konin SA is a party in the administrative proceedings related to the environmental decision regarding the lignite deposit in Tomisławice. On 7 August 2007, the Head of the Wierzbinek Commune issued an environmental decision regarding the lignite open pit. On 5 December 2008, this decision was contested by nine natural persons supported by the Greenpeace foundation due to alleged gross infringement of legal regulations. On 25 March 2009, the Self-government Appeal Court dismissed the application to reverse the environmental decision. The plaintiffs applied for a judicial review. On 4 May 2009, after the judicial review, the Self-government Appeal Court sustained its previous decision. The plaintiffs again appealed against the environmental decision. On 5 May 2010, the Provincial Administrative Court in Poznań decided that the environmental decision, pursuant to which the license for the extraction of lignite at the Tomisławice deposit was granted, was a gross breach of legal regulations. PAK KWB Konin SA and the Self-government Appeal Court submitted an appeal against this judgement. On 21 March 2012, the Supreme Administrative Court revoked the contested decision of the Provincial Administrative Court in Poznań and referred the case to judicial review. On 6 November 2012, the Provincial Administrative Court in Poznań announced the decision revoking the decision of the Self-government Appeal Court of 25 March 2009 on dismissing the statement of invalidity of the environmental decision issued on 7 August 2007 by the Head of the Wierzbinek Commune, related to the extraction of lignite from the Tomisławice open cast by PAK KWB Konin S.A. On 7 January 2013, PAK KWB Konin S.A. submitted a cassation appeal against the described judgement.

After examination during a hearing on 7 October 2014, the Supreme Administrative Court dismissed PAK KWB Konin SA's cassation appeal against the judgement of the Provincial Administrative Court in Poznań of 6 November 2012 revoking the decision of the Self-government Appeal Court in Konin of 25 March 2009 dismissing the statement of invalidity of the environmental decision issued on 7 August 2007 by the Head of the Wierzbinek Commune, related to the extraction of lignite from the Tomisławice open cast.

Dismissal of the cassation appeal by PAK KWB Konin SA means that the judgement of the Provincial Administrative Court in Poznań of 6 November 2012 became legally binding, and the case regarding the statement of invalidity of the environmental decision will be examined again by the Self-government Appeal Court. On 18 January 2019, the Self-government Appeal Court in Konin issued a decision refusing to deem the environmental decision issued on 7 August



2007 by the Head of the Wierzbinek Commune and associated with the operation of the lignite open pit in Tomisławice as invalid.

On 19 June 2020, the Company was informed that a closed-door hearing at the Provincial Administrative Court in Poznań resulted in a judgement dismissing the appeal against the decision of the Self-government Appeal Court in Konin regarding the refusal to deem the environmental decision issued on 7 August 2007 by the Head of the Wierzbinek Commune and associated with the operation of the lignite open pit in Tomisławice as invalid.

Therefore, the judgement of the Provincial Administrative Court in Poznań, dated 18 June 2020 means that the environmental decision issued by the Head of the Wierzbinek Commune on 7 August 2007 still remains in legal circulation.

The Greenpeace Polska Foundation with its registered office in Warsaw and Józef Imborski filed a cassation appeal against the judgement of the Provincial Administrative Court in Poznań of 18 June 2020 to the Supreme Administrative Court. On 26 October 2020, PAK KWB Konin submitted a response to the cassation appeal, filing for dismissal. A hearing date in this case was set as at June 25, 2024.

The Group does not create any provisions because it does not expect a negative outcome of the case.

### ***Proceedings regarding formal decisions related to the construction of the CCGT unit at Adamów Power Plant***

#### **Decision on environmental conditions**

By decision of August 7, 2023, the Mayor of Turek determined, at the request of PAK CCGT sp. z o.o. environmental conditions for the project called "Construction of a 600 MW class CCGT unit with accompanying infrastructure on the premises of the Adamów Power Plant" (DEC – Decision on environmental Conditions). By resolution of August 8, 2023, the Mayor granted DEC - pursuant to Art. 108 § 1 of the Act of June 14, 1960, Code of Administrative Procedure (Journal of Laws of 2023, item 775, as amended) - immediate enforceability, indicating that "The implementation of this investment is of particular importance for ensuring Poland's energy security, preventing losses for the national economy that could arise in situations of power shortages, as well as the important social interest of ensuring stable electricity supplies for households". On August 28, 2023, the Earth Society (ES) filed an appeal against the decision. On September 14, 2023, ES supplemented the complaint by indicating arguments which, in its opinion, prove the lack of legal grounds for issuing the decision.

On September 4, 2023, ES filed an appeal against DEC, attaching a study regarding the impact of the planned project on surface waters to it. During further appeal proceedings, ES submitted further letters attaching additional studies.

In a letter of October 9, 2023, the Local Government Appeals Board in Konin summoned PAK CCGT sp. z o.o. to provide explanations by responding to the allegations in the complaint, Es's appeal, as well as the submitted studies.

By letter of November 6, 2023, PAK CCGT sp. z o.o. requested to change the deadline for presenting a position on the matter to February 9, 2024, indicating that the company should commission an expert opinion relating to the allegations contained in both the letters and studies submitted by ES.

In a letter addressed to the Local Government Appeals Board in Konin of November 21, 2023, PAK CCGT sp. z o.o. presented its position on the complaint, in particular referring to the allegations raised by ES.

By the decision of December 4, 2023, the Local Government Appeals Board in Konin, after considering TnZ's complaint against the decision of the Mayor of Turku of August 8, 2023, granting immediate enforceability to the environmental decision of August 7, 2023, decided to uphold the contested decision of the first instance body in force.

In an announcement of February 9, 2024, the Local Government Appeals Court in Konin informed that due to the complicated nature of the case as well as the need to analyse extensive evidence, the case would not be resolved within the statutory deadline and set a new deadline for settling the case by April 19, 2024.

By announcement of February 21, 2024, the Local Government Appeals Court in Konin informed the parties to the proceedings about the right to express their opinion within 7 days from the date of receipt of the notification regarding the collected evidence and materials and the requests submitted to the case.

In a letter of March 6, 2024, the Local Government Appeals Board in Konin asked for confirmation of the actions taken so far by the Party.

In a letter addressed to the Local Government Appeals Board in Konin of March 18, 2024, PAK CCGT sp. z o.o. provided a response in which it confirmed the activities undertaken so far by the Party.

On May 9, 2024, PAK CCGT sp. z o.o. received a notification from the Local Government Appeals Board in Konin about the possibility of reviewing the evidence collected in the case in the appeal proceedings against the environmental decision

of August 7, 2023 for the project involving the construction of the CCGT unit with accompanying infrastructure at Adamów Power Plant.

The Group does not create any provisions because it does not expect a negative outcome of the case.

## 25.2. Contingent liabilities associated with power plant decommissioning

The obligation to conduct decommissioning and land reclaiming arises from integrated permits for operating fuel combustion systems at Pałnów and Konin power plants belonging to ZE PAK SA. In the event of terminating their activities, the aforementioned entities shall be obliged to decommission all facilities and equipment of the system, in accordance with the requirements set out in the construction law. After decommissioning, the area of the plant shall be developed pursuant to arrangements with the local government authority. In particular, a facility and equipment decommissioning schedule shall be prepared and should take into account environmental protection requirements, primarily in relation to waste management.

The Adamów Power Plant has already terminated its activities and is currently undergoing the decommissioning of the system located there. The end date for the operation of systems located in Pałnów can also be specified due to strategic directions announced last year. The end period for the operation of older units in Pałnów can be set at the end of 2024, and the newer 474 MW unit (former Pałnów II Power Plant), assuming an effective support system is in place, could be operated until 2030 at the latest. Based on experience associated with decommissioning the Adamów power plant, the interest and value of placed bids, it should be reasonably assumed that the value of dismantled equipment, scrap and aggregate from decommissioned plants is able to cover the unit decommissioning and reclaiming costs.

## 26. Liability payment securities

In order to secure the payment of liabilities, the Group employs numerous forms of securities. Mortgages and registered pledges are the most common ones.

As at 31 March 2023 and 31 December 2023, the Group had the following liabilities secured against its assets and other securities related to liability payments:

### Liabilities secured by assets

<i>Agreement</i>	<i>Security type</i>	<i>31 March 2024 (unaudited) Security amount</i>	<i>currenc y</i>	<i>31 December 2023 Security amount</i>	<i>currenc y</i>
Multi-purpose credit limit agreement at Pekao SA for PLN 25 000 thousand for ZE PAK SA	Declaration on submission to the writ of execution pursuant to Art. 777(1) cl. 5 of the Code of Civil Procedure in the form of a notarial deed	Up to 75 000	PLN	Up to 75 000	PLN
	Power of attorney covering bank accounts at Pekao SA	Up to 25 000	PLN	Up to 25 000	PLN
Bank guarantee line agreement at Pekao SA for PLN 80 000 thousand for ZE PAK SA	Declaration on submission to the writ of execution pursuant to Art. 777(1) cl. 5 of the Code of Civil Procedure in the form of a notarial deed	Up to 120 000	PLN	Up to 120 000	PLN
	Power of attorney covering bank accounts at Pekao SA	Up to 50 000	PLN	Up to 80 000	PLN
	Cash deposit at Pekao SA	Up to 4 000	PLN	Up to 4 000	PLN

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Bank guarantee limit agreement at Santander Bank Polska SA for PLN 100 000 thousand for ZE PAK SA	Declaration on submission to the writ of execution pursuant to Art. 777(1) cl. 5 of the Code of Civil Procedure in the form of a notarial deed	Up to 120 000	PLN	Up to 120 000	PLN
	Power of attorney covering bank accounts at Pekao SA	Up to 20 000	PLN	Up to 20 000	PLN
Multi-purpose credit limit agreement at Pekao SA for PLN 20 000 thousand for PR PAK SERWIS Sp. z o.o.	Declaration on submission to the writ of execution pursuant to Art. 777(1) cl. 5 of the Code of Civil Procedure in the form of a notarial deed	Up to 30 000	PLN	Up to 30 000	PLN
	Transfer of receivables from commercial contracts for a minimum of 50% of the limit amount	Up to 148 743	PLN	Up to 41 137	PLN
Framework agreement at mBank SA for PLN 3 300 thousand for PR PAK SERWIS Sp. z o.o.	Declaration on submission to the writ of execution pursuant to Art. 777(1) cl. 5 of the Code of Civil Procedure by PR PAK SERWIS Sp. z o.o.	Up to 15 000	PLN	Up to 15 000	PLN
	Declaration on submission to the writ of execution pursuant to Art. 777(1) cl. 5 of the Code of Civil Procedure by ZE PAK SA	Up to 11 000	PLN	Up to 11 000	PLN
Membership agreement in the Stock Exchange Clearing House operated by IRGIT SA of May 28, 2010	Declaration on submission to the writ of execution pursuant to Art. 777(1) cl. 5 of the Code of Civil Procedure in the form of a notarial deed.	Up to 3 000 000	PLN	Up to 3 000 000	PLN

**Other securities of liability payments**

*Granted guarantees*

Guarantee type	31 March 2024 (unaudited)		31 December 2023	
	Security amount	curren- cy	Security amount	curren- cy
Performance bond	2 198	PLN	3 017	PLN
Bid bond payment guarantee	250	PLN	-	PLN
Defect and failure removal guarantee	4 420 604	PLN EUR	4 044 604	PLN EUR
Advance payment return/payment guarantees (including TGE/IRGIT transaction securing guarantees)	4 000 -	PLN EUR	4 000 -	PLN EUR

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In addition, the Group applies assignments under sales agreements and assignments under insurance policies as payment securities.

The table below shows granted sureties in total

	31 March 2024 (unaudited)	currenc y	31 December 2023	currenc y
Intra-groups sureties	-	PLN	-	PLN
Sureties granted to extra-Group entities	561 501 626 534	PLN EUR	542 377 626 534	PLN EUR
<b>Total granted sureties</b>	<b>561 501 626 534</b>	<b>PLN EUR</b>	<b>542 377 626 534</b>	<b>PLN EUR</b>

#### Obtained sureties

The below table shows received sureties in total.

	31 March 2024 (unaudited)	currenc y	31 December 2023	currenc y
Intra-group sureties	-	PLN	-	PLN
Sureties received from extra-Group entities	-	PLN	-	PLN
<b>Total received sureties</b>	<b>-</b>	<b>PLN</b>	<b>-</b>	<b>PLN</b>

## 27. Received guarantees

Guarantee type	31 March 2024 (unaudited)		31 December 2023	
	Security amount	currency	Security amount	currency
Performance bond	34 842	PLN	32 181	PLN
	46 026	EUR	46 026	EUR
Defect and failure removal guarantee	5 072	PLN	5 631	PLN
	-	EUR	-	EUR
Advance payment guarantees	57 753	PLN	57 753	PLN
	92 053	EUR	92 053	EUR
Payment guarantee	3 220	PLN	3 470	PLN
	57	EUR	57	EUR

## 28. Information on affiliates

The following table presents the total amounts of transactions concluded with related entities for the 3-month period ended March 31, 2024 and March 31, 2023, as well as receivables and liabilities as at March 31, 2024 and March 31, 2023.

	Sale		Purchase	
	3-month period ended		3-month period ended	
	31 March 2024 (unaudited)	31 March 2023 (unaudited)	31 March 2024 (unaudited)	31 March 2023 (unaudited)
Affiliates	99 630	-	4 338	-
Other related entities	56	112 074	3 376	13 988
<b>Total</b>	<b>99 686</b>	<b>112 074</b>	<b>7 714</b>	<b>13 988</b>

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	<i>Receivables</i>		<i>Liabilities</i>	
	<i>31 March 2024 (unaudited)</i>	<i>31 March 2023 (unaudited)</i>	<i>31 March 2024 (unaudited)</i>	<i>31 March 2023 (unaudited)</i>
Affiliates	76 964	-	3 186	-
Other related entities	30	2 692	2 138	5 652
<b>Total</b>	<b>76 994</b>	<b>2 692</b>	<b>5 324</b>	<b>5 652</b>

As at March 31, 2024, the Group had receivables from loans granted to associated entities in the amount of PLN 11,484 thousand.

### 28.1. Loan granted to a Management Board member

Both in the period of 3 months ended March 31, 2024 and in the period of 3 months ended March 31, 2023, the Parent Company did not grant any loans or benefits of a similar nature to members of the management and supervisory bodies.

### 28.2. Other transactions with Management Board members

Both in the period of 3 months ended March 31, 2024 and in the period of 3 months ended March 31, 2023, there were no transactions involving members of the management and supervisory bodies.

### 28.3. Remuneration of the Group's senior management

#### 28.3.1. Remuneration paid or payable to the members of the Group's Management Board and Supervisory Board

	<i>3-month period ended 31 March 2024 (unaudited)</i>	<i>3-month period ended 31 March 2023 (unaudited)</i>
<b>Parent company Management Board</b>		
Short-term employee benefits	3 566	5 038
Post-employment benefits	-	-
<b>Parent company Supervisory Board</b>		
Short-term employee benefits	326	355
<b>Management Boards of subsidiaries</b>		
Short-term employee benefits	1 788	1 426
<b>Supervisory Board of subsidiaries</b>		
Short-term employee benefits	695	607
<b>Total</b>	<b>6 375</b>	<b>7 426</b>

#### 28.3.2. Remuneration paid or payable to other top management members

	<i>3-month period ended 31 March 2024 (unaudited)</i>	<i>3-month period ended 31 March 2023 (unaudited)</i>
Short-term employee benefits	4 379	2 915
Termination benefits	-	100
Post-employment benefits	12	36
Total amount of remuneration paid to top management members (except for members of the Management Board and the Supervisory Board)	<b>4 391</b>	<b>3 051</b>

## 29. Goals and rules of financial risk management

Main financial instruments employed by the Group include bank loans, loans granted by affiliates and other institutions, cash and short-term deposits. The main goal of these financial instruments is to obtain funds for the Group's activities.

The Group also has other financial instruments, such as trade receivables and liabilities created directly within its conducted activities.

The main kinds of risk resulting from the Group's financial instruments include the interest rate risk, liquidity risk, foreign currency risk and credit risk. The Management Board verifies and consults the rules of managing each of these kinds of risk – these rules are discussed briefly below. The Group also monitors the market price risk regarding all its held financial instruments.

### **29.1. Interest rate risk**

The Group's potential exposure to the risk of interest rate changes mainly concerns long-term financial liabilities.

Due to the pending process of implementing a new reference index on the Polish market and, ultimately, replacing the currently applied WIBOR interest rate reference index with it, the Group does not identify any risk in this respect. The Group's financial contracts contain provisions in terms of exercising "fall-back clauses", meaning that the contracts contain rules for their continuation if the reference index is not developed. A new interest rate will be determined based on these provisions.

#### ***Interest rate risk – sensitivity to changes***

In the interest rate risk sensitivity analysis, the Group employs a parallel shift of the interest rate curve by a potential change of reference interest rates during the coming year. For the purposes of the interest rate risk sensitivity analysis, average reference interest rate levels in a given year were used. The scale of potential interest rate changes was estimated based on implied volatilities of ATMF ("At-the-Money-Forward; forward option to determine the volatility of financial instruments) options for an interest rate quoted on the interbank currency market, for which the Group has the exposure to interest rate risk from the balance sheet date. For the calculation of the interest rate sensitivity analysis, the forecasted indicator of the 3-month change in the interest rate from the end of March 2024 (PLN1Y3WATM instrument) multiplied by the average WIBOR 3M indicator from the last twelve months was adopted.

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<i>Financial instruments classes</i>	<i>31 March 2024 (unaudited)</i>		<i>Analysis of the interest rate risk sensitivity as at 31 March 2024</i>							
	<i>Carrying amount</i>	<i>Value at risk</i>	<i>WIBOR</i>				<i>EURIBOR</i>			
			<i>WIBOR + 208pb</i>	<i>WIBOR – 208pb</i>	<i>EURIBOR + 57pb</i>	<i>EURIBOR – 57pb</i>	<i>Other comprehensive income</i>	<i>Other comprehensive income</i>	<i>Other comprehensive income</i>	<i>Other comprehensive income</i>
		<i>Profit/loss</i>	<i>Other comprehensive income</i>	<i>Profit/loss</i>	<i>Other comprehensive income</i>	<i>Profit/loss</i>	<i>Other comprehensive income</i>	<i>Profit/loss</i>	<i>Other comprehensive income</i>	
Other financial assets	43 171	313	7	-	(7)	-	-	-	-	-
Trade and other receivables	695 416	-	-	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	675 164	675 164	13 175	-	(13 175)	-	238	-	(238)	-
Interest-bearing loans and borrowings	-	-	-	-	-	-	-	-	-	-
Trade liabilities and other financial liabilities	(135 012)	-	-	-	-	-	-	-	-	-
Lease liabilities	(32 147)	(32 147)	(669)	-	669	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1 246 592</b>	<b>643 330</b>	<b>12 513</b>	<b>-</b>	<b>(12 513)</b>	<b>-</b>	<b>238</b>	<b>-</b>	<b>(238)</b>	<b>-</b>

*bp – base points*

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<i>Financial instruments classes</i>	<i>31 March 2023 (unaudited)</i>		<i>Analysis of the interest rate risk sensitivity as at 31 March 2023</i>							
	<i>Carrying amount</i>	<i>Value at risk</i>	<i>WIBOR</i>				<i>EURIBOR</i>			
			<i>WIBOR + 141pb</i>		<i>WIBOR – 141pb</i>		<i>EURIBOR + 95pb</i>		<i>EURIBOR – 95pb</i>	
		<i>Profit/loss</i>	<i>Other comprehensive income</i>	<i>Profit/loss</i>	<i>Other comprehensive income</i>	<i>Profit/loss</i>	<i>Other comprehensive income</i>	<i>Profit/loss</i>	<i>Other comprehensive income</i>	
Other financial assets	161 102	4 571	64	-	(64)	-	-	-	-	-
Trade and other receivables	781 113	-	-	-	-	-	-	-	-	-
Derivative financial instruments	8 805	8 805	124	-	(124)	-	-	-	-	-
Cash and cash equivalents	836 216	836 216	6 832	-	(6 832)	-	3 341	-	(3 341)	-
Interest-bearing loans and borrowings	(1 215 413)	(1 215 413)	(17 137)	-	17 137	-	-	-	-	-
Trade liabilities and other financial liabilities	(310 831)	-	-	-	-	-	-	-	-	-
Lease liabilities	(74 917)	(74 917)	(1 056)	-	1 056	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>186 075</b>	<b>(440 738)</b>	<b>(11 173)</b>	<b>-</b>	<b>11 173</b>	<b>-</b>	<b>3 341</b>	<b>-</b>	<b>(3 341)</b>	<b>-</b>

*bp – base points*

## 29.2. Currency risk

The Group is exposed to the currency risk associated with concluded transactions.



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As at 31 March 2023, none of the Group's companies had active instruments employed to mitigate the foreign exchange risk (e.g., forward EUR/PLN transactions).

Potential currency rate changes were calculated based on annual volatilities implied for currency options quoted on the interbank market for a given pair of currencies as at the balance sheet date.

The Group identifies the exposure to EUR/PLN exchange rate changes. The table below shows the gross financial result sensitivity to reasonable exchange rate changes, assuming non-variability of other risk factors for these financial instrument classes exposed to the exchange rate change risk. For the calculation of the sensitivity analysis of the EUR/PLN exchange rate, the forecasted rate of annual change in the exchange rate from the end of 2023 (instrument EURPLN1YO=R) multiplied by the average EUR/PLN exchange rate from the last twelve months was adopted.

<i>Financial instruments classes</i>	<i>31 March 2024 (unaudited)</i>		<i>Analysis of the currency risk sensitivity as at 31 March 2024</i>			
	<i>carrying amount</i>	<i>value at risk</i>	<i>EUR/PLN</i>			
			<i>EUR/PLN + 5,56%</i>		<i>EUR/PLN – 5,56%</i>	
			<i>4,5400</i>	<i>Other comprehensive income</i>	<i>4,0618</i>	<i>Other comprehensive income</i>
		<i>Profit/loss</i>		<i>Profit/loss</i>		<i>Profit/loss</i>
Other financial assets	43 171	-	-	-	-	-
Trade and other receivables	695 416	129	7	-	(7)	-
Derivative financial instruments	-	-	-	-	-	-
Cash and cash equivalents	675 164	41 729	2 320	-	(2 320)	-
Interest-bearing loans and borrowings	-	-	-	-	-	-
Trade liabilities and other financial liabilities	(135 012)	(2 213)	(123)	-	123	-
Lease liabilities	(32 147)	-	-	-	-	-
Derivative financial instruments (liabilities)	-	-	-	-	-	-
<b>Total</b>	<b>1 246 592</b>	<b>39 645</b>	<b>2 204</b>	<b>-</b>	<b>(2 204)</b>	<b>-</b>

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<i>Financial instruments classes</i>	<i>31 March 2023 (unaudited)</i>		<i>Analysis of the currency risk sensitivity as at 31 March 2023</i>			
	<i>carrying amount</i>	<i>value at risk</i>	<b>EUR/PLN</b>			
			<b>EUR/PLN + 7,28%</b>		<b>EUR/PLN - 7,28%</b>	
			<b>5,0159</b>	<i>Other comprehensive income</i>	<b>4,3351</b>	<i>Other comprehensive income</i>
			<i>Profit/loss</i>	<i>Profit/loss</i>	<i>Profit/loss</i>	<i>Other comprehensive income</i>
Other financial assets	161 102	-	-	-	-	-
Trade and other receivables	781 113	1 380	100	-	(100)	-
Derivative financial instruments	8 805	-	-	-	-	-
Cash and cash equivalents	836 216	351 690	25 603	-	(25 603)	-
Interest-bearing loans and borrowings	(1 215 413)	-	-	-	-	-
Trade liabilities and other financial liabilities	(310 831)	(6 288)	(458)	-	458	-
Lease liabilities	(74 917)	-	-	-	-	-
Derivative financial instruments (liabilities)	-	-	-	-	-	-
<b>Total</b>	<b>186 075</b>	<b>346 782</b>	<b>25 245</b>	<b>-</b>	<b>(25 245)</b>	<b>-</b>

### 29.3. Credit risk

The credit risk is a potential credit event, which may be materialised in the form of such factors as a counterparty's insolvency, partial repayment of receivables, significant delay in the repayment of receivables or another unforeseen derogation from contractual terms.

The Group concludes transactions only with reputable companies of good credit rating. All clients who want to use trade credits are subject to initial verification procedures. Furthermore, owing to ongoing monitoring of receivables, the Group's exposure to the risk of unrecoverable receivables is insignificant. As at March 31, 2024, there were no contractors with receivables exceeding 10% of the Group's total receivables balance.

The main consumer of the Group's electricity is the Towarowa Giełda Energii SA. Transactions concluded on the exchange market are settled on a day-to-day basis, which minimises the credit risk. For this reason, the Group does not employ additional securities arising from the receivable concentration phenomenon.

In relation to other financial assets of the Group, such as cash and its equivalents, financial assets available for sale, and certain derivatives, the Group's credit risk arises as a result of the inability of payment by the other party to the agreement, and the maximum exposure to this risk is equal to the carrying value of these derivatives.

The Group analyses and mitigates the credit risk associated with cash through ongoing monitoring of financial institution ratings and mitigates the risk of concentrated surplus cash in a single financial institution, through its internal risk management rules.

Long-term ratings granted to banks where the Group holds cash:

<i>Bank name</i>	<i>Rating awarded by Rating Agency</i>		
	Fitch	S&P	Moody's
PEKAO SA	BBB	BBB+	A2
PKO BP	-	-	A2
BGK	A-	-	-
mBank	BBB-	BBB	-
Bank Millennium	BBB+	-	Baa3
Santander Bank Polska	BBB+	-	A3
Alior Bank	BB	BB+	-
BNP Paribas Bank Polska	-	-	A+
EFG Bank (Luxembourg) SA	A	-	A1

Cash of ZE PAK Group as at 31 March 2024, broken down into individual bank credit ratings:

<i>Rating level by individual rating agencies</i>			<i>Cash amount as at 31 March 2024 (without cash in hand)</i> <i>(unaudited)</i>
<i>Moody's</i>	<i>S&amp;P</i>	<i>Fitch</i>	
Aaa	AAA	AAA	-
Aa1	AA+	AA+	-
Aa2	AA	AA	-
Aa3	AA-	AA-	-
A1	A+	A+	242 695
A2	A	A	14
A3	A-	A-	11

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Baa1	BBB+	BBB+	409 889
Baa2	BBB	BBB	22 411
Baa3	BBB-	BBB-	135
Ba1	BB+	BB+	-
Ba2	BB	BB	9
Ba3	BB-	BB-	-
B1	B+	B+	-
B2	B	B	-
B3	B-	B-	-
Caa1	CCC+	CCC	-
Caa2	CCC		-
Caa3	CCC-		-
Ca	CC		-
	C		-
C	D	DDD	-
-		DD	-
-		D	-
TOTAL			675 164

#### 29.4. Liquidity risk

The Group monitors the no-fund risk by means of a tool for periodic liquidity planning. This tool takes into account the maturity/due dates of both investments and financial assets (e.g., receivable accounts, other financial assets), as well as projected cash flows from operating activities.

The Group's objective is to maintain the balance between financing continuity and flexibility through employing various financing sources, such as overdraft facilities, bank credits, bonds, priority shares and financial lease agreements.

The table below shows financial liabilities of the Group as at 31 March 2024 and 31 December 2023, by maturity date and based on contractual non-discounted payments.

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<i>31 March 2024 (unaudited)</i>	<i>Less than 3 months</i>	<i>3 -12 months</i>	<i>1 – 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
Interest-bearing loans and borrowings	-	-	-	-	-
Trade liabilities and other financial liabilities	133 872	285	428	-	134 585
Lease liabilities	1 301	3 976	15 906	10 964	32 147
<b>Total</b>	<b>135 173</b>	<b>4 261</b>	<b>16 334</b>	<b>10964</b>	<b>166 732</b>
<i>31 March 2023 (unaudited)</i>	<i>Less than 3 months</i>	<i>3 -12 months</i>	<i>1 – 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
Interest-bearing loans and borrowings	6 071	402 040	621 866	186 138	1 216 115
Trade liabilities and other financial liabilities	264 592	33 861	12 368	10	310 831
Lease liabilities	27	6 776	40 467	27 647	74 917
<b>Total</b>					

## 30. Financial instruments

### 30.1. Carrying value and fair value of individual classes of financial instruments

The table below shows a list of the Group's financial instruments, broken down into individual asset and liability classes and categories, pursuant to IFRS 9.

<i>Financial assets</i>	Category pursuant to IFRS 9	<i>Carrying value</i>	
		<i>31 March 2024 (unaudited)</i>	<i>31 December 2023</i>
Other financial assets	FAaAC	43 171	750 554
Trade and other receivables	FAaAC	695 416	563 430
Derivative financial instruments	MaFVtFR	-	-
Cash and cash equivalents	FAaAC	675 164	534 009
<hr/> <hr/>			
<i>Financial liabilities</i>			
Interest-bearing bank loans and borrowings, including:		-	-
Long-term	OFLaAC	-	-
Short-term	OFLaAC	-	-
Trade liabilities and other financial liabilities	OFLaAC	135 012	173 569
Lease liabilities	OFLaAC	32 147	39 855
Derivative financial instruments	MaFVtFR	-	-

*Abbreviations used:*

<i>MaFVtFR</i>	– <i>Financial assets/liabilities measured at fair value through financial result/capitals</i>
<i>OFLaAC</i>	– <i>Other financial liabilities at amortised cost</i>
<i>FAaAC</i>	– <i>Financial asset at amortised cost</i>

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As at 31 March 2024 and 31 December 2023, the Group did not hold any derivative financial instruments measured at fair value:

	<i>31 March 2024</i> <i>(unaudited)</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
Asset-hedging derivatives	-	-	-	-
Liability-hedging derivatives	-	-	-	-
	 <i>31 December 2023</i>	 <i>Level 1</i>	 <i>Level 2</i>	 <i>Level 3</i>
Asset-hedging derivatives	-	-	-	-
Liability-hedging derivatives	-	-	-	-

As at 31 March 2024 and 31 December 2023, the fair value of financial instruments other than derivatives, did not significantly differ from carrying values, primarily due to the fact that in the case of short-term instruments, the discount effect was not significant and that related transactions are concluded under market terms; for this reason, the fair value of the said financial instruments has been presented as the carrying value.

The measurement of interest-bearing loans and borrowings after initial recognition is concluded pursuant to the amortized cost method, taking into account contractual costs associated with obtaining a given loan or borrowing, as well as the discount and obtained bonuses.

## 30.2. Financial instrument interest rate risk

The table below presents the interest rate gap, which is the Group's exposure to interest rate risk and the concentration of this risk broken down by currency and type of interest rate.

	<i>Interest type</i>	<i>Carrying value as at 31 March 2024 (unaudited)</i>	<i>Carrying value as at 31 December 2023</i>
Financial assets exposed to the interest rate risk - PLN	Fixed	-	-
	Floating	633 748	506 466
Financial assets exposed to the interest rate risk - other currencies	Fixed	-	-
	Floating	41 729	28 768
Financial liabilities exposed to the interest rate risk - PLN	Fixed	-	-
	Floating	-	-
Financial liabilities exposed to the interest rate risk - other currencies	Fixed	-	-
	Floating	-	-
Net exposure - PLN	Fixed	-	-
	Floating	633 748	506 466
Net exposure – other currencies	Fixed	-	-
	Floating	41 729	28 768

The interest rate of floating-rate financial instruments is updated in periods shorter than one year. The interest on fixed-rate financial instruments is constant throughout the entire period up to the maturity/due date of these instruments. Other financial instruments of the Group, not included in the tables above, do not bear interest and, thus, are not subject to the interest rate risk.

### 30.2.1. Hedging

As at March 31, 2024, none of the Group's companies had active instruments to reduce the risk resulting from changes in exchange rates (e.g. forward transactions for EUR/PLN).

The Group hedges the risk of changes in the prices of CO2 emission allowances by using forward transactions to purchase allowances for its own needs. The tables below present a summary of active forward transactions as of March 31, 2024 and March 31, 2023.

#### 31 March 2024 (unaudited)

<i>Type of concluded transactions</i>	<i>Amount of purchased allowances</i>	<i>Total nominal value of the transaction (EUR)</i>	<i>Transaction currency</i>	<i>Maturity</i>
Forward transactions	2 339 000	195 464	EUR	Up to 1 year
Forward transactions	616 000	41 667	EUR	Over 1 year

#### 31 March 2023 (unaudited)

<i>Type of concluded transactions</i>	<i>Amount of purchased allowances</i>	<i>Total nominal value of the transaction (EUR)</i>	<i>Transaction currency</i>	<i>Maturity</i>
Forward transactions	3 077 000	249 281	EUR	Up to 1 year
Forward transactions	12	932	EUR	Over 1 year



## 31. Capital management

The main goal of the Group's capital management is to maintain a good credit rating and safe equity ratios, which would support the Group's operating activities and increase the value for its shareholders.

The Group manages the capital structure, and amends it due to changes in the economic conditions. In the period of 3 months ended 31 March 2024 and within the year ended 31 December 2023, there were no amendments to goals, rules and processes applicable in this field.

The Group monitors the balance of its capitals using leverage ratio, which is calculated as a relation of net debt to the sum of capitals plus net debt. The Group's net debts include interest-bearing loans and borrowings, trade and other liabilities, minus cash and cash equivalents. Capital includes equity less the supplementary capitals on account of unrealised net profits.

	<i>31 March</i> <i>2024 (unaudited)</i>	<i>31 December</i> <i>2023</i>
Interest-bearing loans and borrowings	-	-
Financial derivatives (liabilities)	-	-
Trade liabilities and other financial liabilities	135 012	173 569
Minus cash and cash equivalents	675 164	534 009
<b>Net debt</b>	<b>(540 152)</b>	<b>(360 440)</b>
Equity	1 907 662	1 911 513
Capital from the revaluation of hedging instruments	-	-
<b>Total capital</b>	<b>1 907 662</b>	<b>1 911 513</b>
<b>Net capital and debt</b>	<b>1 367 510</b>	<b>1 551 073</b>
Leverage ratio	(39,49%)	(23,24%)

## 32. Significant events after the balance sheet date

No significant events occurred from the balance sheet date ended March 31, 2024 to the date of publication.

*Konin, May 28, 2024*